

BEFORE THE ENERGY RESOURCES CONSERVATION AND  
DEVELOPMENT COMMISSION  
OF THE STATE OF CALIFORNIA

APPLICATION FOR CERTIFICATION )	
OF THE )	
CALPEAK POWER BORDER, LLC )	Docket No. 01-EP-14
CALPEAK POWER, LLD )	(Application Found
	Complete on:
	June 20, 2001)

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Thursday, June 28, 2001

Otay Mesa Branch Library, Community Meeting Room,  
3003 Coronado Avenue, San Diego, California  
6:00 O'Clock P.M.

Reported by:  
Janet B. White,  
Certified Realtime Reporter  
CSR No. 1879

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMITTEE MEMBERS PRESENT:

ROBERT LAURIE, Commissioner, Presiding Member  
AMANDA BEHE, Hearing Officer

STAFF PRESENT:

JEFFERY M. OGATA, Senior Staff counsel  
DOUG PERKINS, Public Adviser  
ROB WORL, Project Manager

APPLICANT:

CHARLES C. HINCKLEY, Project Director,  
CalPeak Power, LLC  
PETER J. MASTIC, Director of Development  
GLENN A. SAMPSON, Engineering Manager

CITY AND OTHER AGENCY REPRESENTATIVES:

MICHAEL R. LAKE  
DAN SPEER  
RALPH DESIENA  
Air Pollution Control District,  
County of San Diego

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

I N D E X	Page
Opening Comments by Commissioner Laurie and Introductions	4
Statement from the Public Adviser (Mr. Perkins)	7
Presentation by Applicant (Mr. Hinckley)	11
Staff Presentation (Mr. Worl)	23
Presentation by Air Pollution Control District (Mr. Lake)	33
Public Questions	39
Public Comments	81
Closing Comments	103

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

1               PRESIDING MEMBER LAURIE: Ladies and  
2 gentlemen, if you can take your seats, please, we  
3 would like to get started.

4               Good evening. My name is Robert Laurie.  
5 I'm a Commissioner with the California Energy  
6 Commission.

7               It is my responsibility to conduct this  
8 public hearing tonight and prepare a report and  
9 recommendation to my full Commission, and we will  
10 provide information as to what that following step  
11 might be.

12              To my right is my hearing officer, Ms.  
13 Amanda Behe. Ms. Behe will be assisting me in  
14 preparing the recommendation.

15              The process we are going to use tonight is  
16 as follows: I'm going to ask the parties to identify  
17 themselves; I'm going to ask the Applicant to  
18 identify themselves and who some of their consultants  
19 are that may be here tonight; I will ask staff to  
20 identify themselves; I will ask the Applicant to  
21 provide a presentation, to the extent that they  
22 desire to do so -- and I would expect a full  
23 presentation by the Applicant -- and then I will ask  
24 staff for their comments.

25              I will then turn the matter over to you.

1 This is your opportunity to provide any and all  
2 public comment that you may wish to offer.

3 We are being reported by the court reporter.  
4 There will be a full transcript. We have turned the  
5 air conditioner off because we can't hear. She has  
6 to be able to hear. And so if it gets a little  
7 warm -- and I anticipate it will -- well, then, we'll  
8 just deal with it.

9 And we'll take a break after a while, and  
10 we'll see how long -- what time does the library  
11 close? Does anybody know?

12 MR. PERKINS: It will be open as long as we  
13 need it tonight.

14 PRESIDING MEMBER LAURIE: Excellent.

15 UNIDENTIFIED SPEAKER: Can we open this  
16 door? Or can't. It's for an emergency.

17 PRESIDING MEMBER LAURIE: Is that an  
18 emergency-only door?

19 MR. JOHNSON: I'll check and see.

20 PRESIDING MEMBER LAURIE: So we will do  
21 that.

22 And when it comes to your public comment,  
23 I'll ask you to be focused.

24 There will be numerous people that want to  
25 speak tonight. We're going to give everybody an

1 opportunity to do so.

2 If there are representatives from  
3 organizations here that are speaking on behalf of  
4 groups, we'll want that too, as well.

5 Okay. Any questions regarding the process  
6 that we're going to follow tonight?

7 Okay. At this time, I would call upon the  
8 Applicant to introduce themselves and their  
9 consultants and everybody that we may be hearing from  
10 tonight.

11 And then do not go into your presentation  
12 yet, because the Applicant needs to introduce  
13 themselves.

14 MR. HINCKLEY: My name is Chuck Hinckley  
15 with CalPeak Power. I have a group here with me Bob  
16 Mason -- Glenn Sampson is our engineer; Donna Jones,  
17 Environmental Attorney; Peter Mastic is with CalPeak  
18 Power; Valerie -- Valorie Thompson.

19 HEARING OFFICER BEHE: Excuse me, Chuck. I  
20 hate to interrupt, but for the court reporter, can  
21 you spell the names of the individuals?

22 MR. HINCKLEY: This is a test here.

23 The easy part is H-I-N-C-K-L-E-Y; Donna  
24 Jones, J-O-N-E-S; Peter Mastic, M-A-S-T-I-C; Valorie  
25 Thompson, T-H-O-M-P-S-O-N; Bob Mason, M-A-S-O-N;

1 Glenn Sampson, S-A-M-P-S-O-N.

2 And I think that should -- I have other  
3 people here, but that should cover it.

4 PRESIDING MEMBER LAURIE: To the extent you  
5 have business cards, giving those business cards to  
6 the court reporter would be helpful.

7 MR. HINCKLEY: If I missed somebody's name,  
8 I apologize.

9 PRESIDING MEMBER LAURIE: Okay. Mr. Ogata,  
10 would you like to make an introduction here?

11 MR. OGATA: I'm Jeffery Ogata, Attorney for  
12 the California Energy Commission. To my right is Rob  
13 Worl, Project Manager for this particular project,  
14 W-O-R-L.

15 PRESIDING MEMBER LAURIE: Thank you. We do  
16 have a representative from the Public Advisor's  
17 Office present.

18 MR. PERKINS: My name is Doug Perkins,  
19 representing the Public Adviser.

20 PRESIDING MEMBER LAURIE: Can you take a  
21 minute and explain the role of the Public Adviser,

22 MR. PERKINS: Sure. Thank you,  
23 Commissioner. And I am here tonight representing  
24 Roberta Mendonca, who is the Public Adviser for the  
25 Energy Commission.

1           And we've been brought on to help assist in  
2   the public hearings that are happening throughout the  
3   state.

4           It is very important that the public have an  
5   opportunity to participate in these processes, and in  
6   order to accommodate that need, we've brought in  
7   extra people to try and make sure that you are  
8   getting the questions answered that you have, and  
9   that your comments can be become part of the official  
10   record.

11           We recognize that there will be questions  
12   that will come up tonight, and there will also be  
13   questions that come up as this part of the process  
14   moves forward.

15           After tonight, we want to encourage you to  
16   call the hotline. The hotline number is on the  
17   materials that we have here at the table.

18           Probably the best, the most efficient and  
19   effective way to get information is to access the web  
20   site. The web site is updated almost daily, and you  
21   can find information on this project and any of the  
22   other peaker projects by simply getting on the web  
23   site. It is on the information back here.

24           If any of you need to get it, please see me  
25   at some point during the hearing or call the 800



1     number, which we will be able to help you get the  
2     information that you need.

3             I want to make sure that you all understand  
4     that in order to try and facilitate the public's  
5     input into this process, we have a system that we use  
6     at all the public hearings called the blue cards.  
7     You may have seen them when you signed in, and if you  
8     have not signed in, we're circulating a sign-in  
9     sheet, and we need you to do that. That will ensure  
10    that you appear on any future mailings that we may  
11    have about this project.

12            The blue cards I have here I will be  
13    circulating all night, making sure that any of you  
14    that want to get your public comments on the record  
15    are able to do so.

16            On the blue cards, we ask that you fill them  
17    out with your name and sort of the nature of your  
18    question or comment, and that allows us, after the  
19    break, to try and accommodate you to make sure that  
20    every member of the public has all their questions  
21    answered and can get any information that they don't  
22    have from the Energy Commission.

23            And so, if you please, if at any point there  
24    are some things that you need, please come see me, or  
25    see me at break, and we'll make sure that we get you

1 the information that you requested.

2 PRESIDING MEMBER LAURIE: Thank you, sir.

3 I should note that the process that we are  
4 following for this project is similar to that which  
5 we have followed in a few other projects for the last  
6 month or two, that is, the Governor has declared an  
7 energy emergency, and to the extent that a certain  
8 category of projects meets a set of criteria, we are  
9 commanded to process those projects within an  
10 emergency procedure.

11 That emergency procedure, which we had in  
12 fact devised in preparation for this occurrence, is a  
13 procedure that is to be completed within 21 days of  
14 finding an Application to be complete.

15 And that is the process that we are  
16 following in this case. Needless to say, it is much  
17 different than the process that we would ordinarily  
18 follow which, might be six months or a year to  
19 accomplish the same purpose.

20 But we are following the commands of the  
21 Governor's Executive Order, and this process is  
22 consistent with that.

23 Okay. Absent any questions on the procedure  
24 we will be following tonight, Mr. Hinckley, if you  
25 are prepared to present your proposal at this time.

1 MR. HINCKLEY: Thank you.

2 PRESIDING MEMBER LAURIE: And ladies and  
3 gentlemen of the public, what we will do -- and let  
4 me just explain, this public hearing is different  
5 than the kind of public hearing we ordinarily have.  
6 Ordinarily we would have a very formalistic process  
7 with people having to take an oath to tell the truth,  
8 have cross-examination and all that; we are not doing  
9 that tonight.

10 You will be permitted, to a certain extent,  
11 to ask questions, and we normally would not allow  
12 that, in a more formalistic setting, but because we  
13 only have one public hearing, you certainly have the  
14 right to have all of your questions answered.

15 So, if you have specific questions, then  
16 address them to myself, and then we will in turn ask  
17 the Applicant for the proper person to provide a  
18 response.

19 Okay, Mr. Hinckley.

20 MR. HINCKLEY: Thank you for the opportunity  
21 to present our project to you tonight.

22 I'm Charles Hinckley with CalPeak Power.  
23 And as a way of background, CalPeak Power was formed  
24 in conjunction with a California company DG Power.  
25 Dale Fredericks of DG Power is here with us. And

1 United Technologies. United Technologies  
2 manufactures the Pratt & Whitney FT-8 turbines that  
3 will be on our project.

4 Just briefly, the project is a 49 and a half  
5 megawatts gas-fired simple-cycle combustion turbine  
6 facility, Pratt & Whitney FT-8 turbines attached to  
7 an electric generator.

8 These turbines are similar to what one would  
9 find on the wing of a 747 that uses Pratt & Whitney  
10 equipment.

11 The site, which some of you saw today, is  
12 approximately 5.6 acres. It is zoned in the Otay  
13 Mesa Industrial Subdistrict and is along Sanyo  
14 Avenue, Otay Mesa, in the City of San Diego.

15 DG Power, and subsequently CalPeak Power,  
16 responded to an emergency request for peaking power  
17 last fall by the California Independent System  
18 Operator that envisioned an emergency shortage  
19 situation of generation, and went out to procure or  
20 incentivize private developers like ourselves to  
21 build additional generation in California on an  
22 expedited basis.

23 That process has evolved over the course of  
24 the last couple of months, and we now have a Power  
25 Purchase Agreement pending with the California

1 Department of Water Resources.

2           So we will sell predominantly most of the  
3 output of this plant to the California Department of  
4 Water Resources under a long-term contract, so, I  
5 think that not only is CalPeak Power part of the  
6 solution to the generation shortage, and the public  
7 safety issue that that's resulted in, but we're also  
8 allowing the State of California to minimize its  
9 exposure to market price of power risk.

10           It hasn't been a very good risk for the last  
11 year or two.

12           The linear connections running to and from  
13 the plant: We have 1700 feet of new electrical line  
14 that will connect into the existing SDG&E  
15 Substation.

16           There is a 600-foot new gas pipeline  
17 extension that will T off into our facility.

18           We have a new thousand-foot, two-inch  
19 pipeline connecting to the existing Otay Water  
20 District 12-inch line, and we'll use approximately 10  
21 gallons per minute of water when we're running.

22           That's approximately the same usage that one  
23 would expect in a typical residential home.

24           Just a few comments on air quality. We're  
25 very proud of the fact that we think we're building

1 the cleanest type of power plant available.

2 We applied to the San Diego County Air  
3 Quality Air Pollution Control District. They have  
4 issued a Draft Authority to Construct. The 30-day  
5 public comment period has been completed. And  
6 pending this process, we would expect to have our Air  
7 Permit issued within a few business days.

8 The emission controls: There are several  
9 different types of emission controls on this power  
10 plant.

11 The first one is a new technology for this  
12 model of gas turbine called dry low NOx combustion,  
13 and this is the latest generation of combustion  
14 technology that will allow the actual combustion to  
15 produce the lowest possible level of emissions.

16 After the dry low NOx combustion system --  
17 NOx being nitrous oxide -- probably the most  
18 identified criteria pollutant associated with a  
19 project like this.

20 After the dry low NOx combustion system,  
21 there will be an SCR, a selective catalytic reduction  
22 system, much like the catalytic converter on your  
23 car -- substantially different, but the same idea.  
24 That will further control the NOx to 2 ppm on an  
25 annual basis.

1           There is a CO catalyst, a carbon monoxide  
2 catalyst, to significantly largely reduce the carbon  
3 monoxide emitting from the plant.

4           This plant didn't require reduction credits,  
5 nor did we purchase any.

6           There will be sulphur dioxide trading  
7 allowances which we'll purchase in Title IV of the  
8 acid rain provisions of federal requirements.

9           Being a community hearing, I would just  
10 like to emphasize the visual and landscaping aspects  
11 of our project.

12           The visual setting is adjacent to existing  
13 and developing industrial uses. The site has  
14 previously been graded.

15           The existing conditions, that is, of our  
16 site, do not -- that is, that existed before on our  
17 site, do not comprise a particularly scenic vista.

18           I have photo simulations which I'm going to  
19 show right now, actually, and if you have my handout,  
20 I'm going to jump right to the back part here.

21           This is the existing -- this is the existing  
22 neighborhood comprising of largely truck parts and  
23 industrial buildings. This is 905 going down to the  
24 border. This is the existing San Diego Gas &  
25 Electric electric substation and gas station.

1           This here is the proposed site, with the new  
2   electric line, gas line, to the SDG&E facility, and a  
3   new road up to the area where we viewed the site  
4   first on the hill overlooking the site during the  
5   site tour.

6           The natural color that we selected of our  
7   equipment will blend in with the background, and the  
8   photo simulation that I'm getting ready to show you  
9   will not include or does not include the  
10   landscaping.

11           PRESIDING MEMBER LAURIE: Can you go back to  
12   the previous slide?

13           MR. HINCKLEY: Yes, I can.

14           PRESIDING MEMBER LAURIE: Can you point out  
15   the areas of the closest residential neighborhoods,  
16   please?

17           MR. HINCKLEY: Yeah. The scale on this is 1  
18   inch to 1200 feet, and the nearest residential  
19   neighborhood is approximately 3,000 feet away from  
20   our site over a ridge here.

21           PRESIDING MEMBER LAURIE: Okay.

22           MR. HINCKLEY: This is a typical layout of  
23   our facility. I'm going to try and adjust it. It's  
24   also in the handout. You can -- you can -- you can  
25   actually read what it says.



1           Frankly, I can't read what it says, so --  
2   and we have a blown-up version there, so you have it  
3   in your handout and the blown-up version behind the  
4   Commissioner and right here.

5           UNIDENTIFIED SPEAKER: We don't have a  
6   handout.

7           MR. HINCKLEY: We'll be happy to provide you  
8   a handout.

9           MR. PERKINS: I'll do it.

10          MR. HINCKLEY: This area right here are the  
11   two gas turbines, two gas turbines, electrical  
12   generator in the middle.

13          This is the electrical connection. This is  
14   the connection that will connect off into the San  
15   Diego Gas & Electric Substation.

16          We need fuel gas compression, and we'll take  
17   the fuel gas that is provided from the San Diego Gas  
18   & Electric system pump, it up to -- it can be burned  
19   in the gas turbine controls.

20          The high profile structure here is  
21   approximately 35 feet tall. This is the selective  
22   catalytic reducer. This is the SCR that further  
23   reduces the nitrous oxide emissions. The stack, the  
24   tallest profile, it is at 50 feet.

25          There is -- there is some water we're

1 actually going to -- this is not a water-ejected gas  
2 turbine for the technical people in the audience.  
3 But we will use water to cool the air inlet during  
4 certain hot and dry summer conditions to make our  
5 equipment more energy efficient.

6 UNIDENTIFIED SPEAKER: Excuse me. Before you  
7 leave that --

8 HEARING OFFICER BEHE: Could you identify  
9 yourself, spell your name, and state your affiliate.

10 MR. MEACHAM: Michael Meacham, M-E-A-C-H-A-M,  
11 with the City of Chula Vista.

12 Does the SCR use -- I apologize if I missed  
13 it -- ammonia, and if so, how much is stored on site  
14 and where?

15 MR. HINCKLEY: The SCR does use --

16 UNIDENTIFIED SPEAKER: What was the  
17 question?

18 MR. HINCKLEY: The question is does the SCR  
19 use ammonia, and you know the answer. The answer is  
20 yes, it does.

21 The SCR does use aqueous ammonia. And how  
22 much is on site? 12,000 gallons will be stored on  
23 site.

24 It is stored in a tank with 110 percent full  
25 containment below the tank.

1 UNIDENTIFIED SPEAKER: Where is that tank  
2 located?

3 PRESIDING MEMBER LAURIE: Ladies and  
4 gentlemen, what we're going to do, we'll finish the  
5 presentation; otherwise, we'll never get through it.  
6 And then, as you have questions following the  
7 presentation, we'll respond.

8 MR. HINCKLEY: And I didn't hear any  
9 questions, but the SCR, the ammonia tank, is right  
10 here on the side of the SCR.

11 We did some photo simulations, that is, we  
12 took pictures of the site and interjected a computer  
13 view of the plant into the photographs that we took  
14 of the site.

15 There is a photo shot from Highway 905, of  
16 Airway Road, from Sanyo Avenue and from Otay Mesa  
17 Road.

18 This is the photograph of the site looking  
19 north from Airway Road. This is the existing view.  
20 This is the site interjected onto the existing view.

21 I think it's important to note that this  
22 view is without the proposed landscaping plan.

23 So, in addition to this, there will be  
24 landscaping around the unit.

25 This is the photo simulation looking south

1 from Otay Mesa Road, again, without the landscaping  
2 plan. This is the existing view. This is the  
3 proposed site.

4 This is the photo simulation looking east  
5 from Highway 905. When we took the site tour, this  
6 was as close to the plant as you got, where Mr.  
7 Sampson pointed out the stake for the stack. This is  
8 from the same vantage point.

9 This is the existing view. This is the  
10 proposed site. Here is the high-profile structure,  
11 which is the stack, and then over here to what would  
12 be the SDG&E Substation over this way.

13 And finally, this is the view from, during  
14 the site tour, where we got off the bus. This is the  
15 photo simulation looking west, from Sanyo Avenue.

16 This is the existing view. This is the new  
17 road that will go down that 20-foot embankment into  
18 the site.

19 PRESIDING MEMBER LAURIE: Mr. Hinckley, can  
20 you identify who prepared the photo simulation and  
21 whether you are representing that this representation  
22 is to proper scale?

23 MR. HINCKLEY: I can describe who did the  
24 photo simulation. The photo simulation was done by  
25 C. H. Temple and should be to scale.

1           MR. SAMPSON: Glenn Sampson. To answer the  
2 question, the photo sim was produced as a 3D  
3 development of the actual plans of the facility. And  
4 it is to scale based on the perspective from the  
5 point of where the photo was taken and where -- and  
6 the location of the site.

7           PRESIDING MEMBER LAURIE: Okay.

8           MR. HINCKLEY: This is kind of a more  
9 typical drawing of what we have just seen. This is a  
10 layout of the site.

11           I'll just briefly describe what's here.  
12 This is probably more easily read in the handouts  
13 that have been provided. Sanyo Avenue, the new  
14 access road, the site, the stack, 905, the existing  
15 SDG&E Substation.

16           I'm just going to, for the sake of  
17 completeness, and because somebody put this in the  
18 presentation, I'll go over the slide -- but, if you  
19 don't know where we are, we're at Otay Mesa. It's  
20 the furthest of the sites located here on this map.

21           This map is called the electrical generating  
22 facilities of CalPeak Power. CalPeak Power is  
23 developing four of these peaking power plants. Some  
24 of you in the audience know one is in the City of  
25 Escondido; one is in Mission Valley; one is in the

1 City of El Cajon, and then the site that we're here  
2 to talk about are what we call the border sites down  
3 by the border substation.

4 I would like to talk a little bit about  
5 noise. The nearest residence is 3000 feet to the  
6 northeast to the project site.

7 The project should result in a noise level  
8 relevant to our project level. Our project noise is  
9 less than 40 db at the nearest residence, which means  
10 you can't hear our site from the nearest residence.

11 The County Noise Ordinance's parameters are  
12 listed on the handout. The project complies with the  
13 County Noise Ordinance.

14 At the adjacent industrial properties, the  
15 project is estimated to result in a maximum noise  
16 level of 73 db at the project boundary.

17 The City Noise Ordinance at an industrial  
18 property boundary is 75 db. The project complies  
19 with the City Noise ordinance.

20 The project construction and operational  
21 schedule: We would like to commence work the third  
22 week of July. We plan on being on line, in  
23 commercial operation, by the end of September.

24 That concludes my prepared presentation.  
25 We'll be available for comments. I thank you for

1 coming and thank you for the opportunity to present  
2 our project. And we hope you look favorably on our  
3 Application.

4 PRESIDING MEMBER LAURIE: Thank you, Mr.  
5 Hinckley. Who here is hot?

6 UNIDENTIFIED SPEAKER: It's not as bad if you  
7 take off your tie and coat.

8 PRESIDING MEMBER LAURIE: We're going to  
9 turn the AC back on. It is really hot. We'll give it  
10 another 15 minutes, and if it doesn't start cooling  
11 down, we will turn the AC back on, and we'll just  
12 have to speak very loudly.

13 Okay. Mr. Ogata.

14 MR. OGATA: Thank you, Mr. Commissioner.  
15 Mr. Worl is going to make a presentation for the  
16 staff.

17 MR. MEACHAM: I apologize. I thought you  
18 said before you were going to accept questions at the  
19 end of the presentation. Do you want to wait after  
20 the staff presentation too?

21 PRESIDING MEMBER LAURIE: Yes.

22 MR. MEACHAM: Thank you.

23 MR. WORL: Get that going in your eyes  
24 again. I don't know where the best place to stand  
25 is.

1           My name is Bob Worl, W-O-R-L. I'm the  
2   Project Manager for this particular project  
3   that is before the California Energy Commission.

4           And if I can figure out the appropriate way  
5   to put these view graphs so you can read them.  
6   I'll try and get some information out.

7           I'm going to talk principally about the  
8   process that we go through here.

9           This is an expedited power plant permitting  
10   process. From beginning to end, it involves slightly  
11   more than 21 days.

12           The 21-day process refers to the time from  
13   the -- from the date the Application is declared data  
14   adequate, which means all the pieces of the puzzle  
15   are there so that we can begin an analysis --  
16   to the final business meeting, at which time  
17   Commissioner Laurie's Proposed Decision goes before  
18   the full Commission, and on that 21st day, it is  
19   voted up or down, along with conditions that are  
20   imposed for certification.

21           And Mr. Hinckley, I think, adequately  
22   described their qualification to be in this process.

23           Normally the Commission has jurisdiction  
24   over plants that are 50 megawatts or larger, and some  
25   people have asked why a 49.5 megawatt project



1     qualifies.

2                 And it's essentially because of their  
3     stepping up to the plate last fall and becoming one  
4     of the contractors with the Cal. ISO to supply power  
5     by the end of the summer.

6                 We also, as part of our process, before we  
7     declare this thing as a natural project, we look for  
8     fatal flaw.

9                 A fatal flaw would be if they don't control  
10    the ground they are building on; if they have no  
11    assurance they will be able to maintain a lease, or  
12    ownership of the property -- which would clearly not  
13    be complying with local laws, ordinances,  
14    regulations, and standards -- not complying with air  
15    quality emission standards; or not being able to come  
16    into compliance.

17                All these are reasons to turn a project  
18    away.

19                The role that we play in the siting division  
20    is independent from the Commission, independent from  
21    the Applicants, and independent from the public, the  
22    local jurisdictions, the air district.

23                Our role is to do an independent analysis of  
24    all of the factors presented in the Application, all  
25    of the pieces of the puzzle that are critical towards

1 being able to site or to grant an Operating Permit to  
2 this thing.

3 And our role is to evaluate -- to evaluate  
4 critically, I might add -- to look carefully at all  
5 the different components that have been and will be  
6 discussed, and make an independent presentation,  
7 through a staff analysis, to the Commissioner, which  
8 he then evaluates, adds to his own judgments and his  
9 own knowledge, and coming up with the Commissioner's  
10 Proposed Decision, and then placing that Proposed  
11 Decision in front of the full Commission for the  
12 actual vote on certification.

13 One of the things that we look for is,  
14 again, as I stated before, no public health or safety  
15 concerns, mitigated environmental impact, no  
16 significant adverse energy system impact -- which can  
17 be quite important -- and complies with all the legal  
18 requirements, and has site control.

19 And this process is exempt from CEQA,  
20 although, the analysis that we do is basically a full  
21 CEQA-type analysis. We look at all the same issues,  
22 and we try to be as thorough as we can; we just do it  
23 in an abbreviated format.

24 HEARING OFFICER BEHE: Mr. Worl, will you  
25 identify for members of the public what CEQA is?

1           MR. WORL: California Environmental Quality  
2   Act, the environmental act that basically is used to  
3   evaluate most public works projects, and a lot of  
4   private projects that are either on or impact public  
5   lands.

6           The end process, assuming approval, is an  
7   Emergency Permit.

8           The length of the initial license is for the  
9   life of the project, if they have a contract with the  
10   State of California for the delivery of power, and if  
11   they meet the continuation criteria at the end of the  
12   contract, which means that they have the Best  
13   Available Control Technology, often referred to as  
14   BACT, and if they are in compliance with all the  
15   Energy Commission's conditions of certification that  
16   are imposed as a result of the review process.

17          And if they have maintain site control, and  
18   if the project is a permanent project.

19          In other words, it has to have footings and  
20   foundations; it can't be something on wheels that can  
21   be rolled away at the first sign of trouble.

22          Some projects are permitted for three years  
23   with an option to recertify without a contract.  
24   Under those -- I don't believe that those conditions  
25   apply to this project as it is proposed.

1           Their contract with DWR is a long-term  
2 contract, my understanding.

3           Is that correct?

4           MR. HINCKLEY: Yes.

5           PRESIDING MEMBER LAURIE: Mr. Worl,  
6 clarification. When you indicate that the length of  
7 our license is the life of the project --

8           MR. WORL: The life of the project.

9           PRESIDING MEMBER LAURIE: Which means that  
10 this --

11          MR. WORL: This particular project I believe  
12 is proposed for up to a 50-year life.

13          UNIDENTIFIED SPEAKER: It's for ten years --  
14 you are doing it for ten years.

15          MR. WORL: And then we need to recertify.

16          I misspoke. At the end of the ten years,  
17 their contract that they are negotiating with the DWR  
18 they then need to recertify, and all of the  
19 conditions are relooked at to make sure that they --  
20 that they in fact are in compliance.

21          PRESIDING MEMBER LAURIE: Okay. This has  
22 been confusing in other cases.

23          Are you indicating that this is a ten-year  
24 license to be extended if the conditions imposed  
25 today are in fact being met?

1           MR. WORL:  If conditions -- if conditions as  
2   they exist today, or as they are imposed through this  
3   licensing process -- if they met all those  
4   conditions, if they were still addressing the control  
5   -- emissions control technology issues, they could be  
6   eligible for recertification beyond that period.

7           And they would not have to necessarily have  
8   -- at that point, they would not have to necessarily  
9   be selling power only to the state.

10          PRESIDING MEMBER LAURIE:  Okay.  I'm going  
11   to ask you and Mr. Ogata to be very specific in the  
12   verbiage used regarding the length of the license  
13   because we want to know what happens at the end of  
14   the ten years.

15          Is the extension automatic if conditions are  
16   met?  Is it discretionary if conditions are met?  
17   That's going to be a big question.  And so we'll want  
18   to look at the exact wording of that provision in the  
19   conditions.

20          MR. WORL:  In the conditions for  
21   certification.  And I believe that those are subject  
22   to review at the end of ten years.

23          Basically the Applicant needs to come  
24   forward and indicate their intention to continue  
25   operations?  I'm asking.

1           I think Mr. Ogata is the person to ask for  
2   clarification on that.

3           PRESIDING MEMBER LAURIE:  What is staff's  
4   proposal, Mr. Ogata?  Is it following or at the end  
5   of ten years, conditions are reviewed?  And if it is  
6   found that this Applicant is in compliance with  
7   conditions, then to what extent does the Commission  
8   have discretion in extending or not extending the  
9   license under the staff's proposal?

10          MR. OGATA:  Commissioner Laurie, in the past  
11   cases, staff has recommended that we, staff, take a  
12   look at whether or not the project is complying with  
13   all its criteria.

14          And if they are, then we would just  
15   recommend that the license continue for as long as  
16   the Applicant wants to operate the project.

17          And so it is not a discretionary action by  
18   the Commission; it is an automatic extension of the  
19   license.

20          MR. WORL:  As long as they are complying  
21   with all of the conditions of certification.

22          Another question that often comes up in this  
23   same regard is what about emission standards?  If  
24   they meet them today, ten years from now, there may  
25   be new standards, and aren't those then imposed as a

1 new condition for certification?

2 MR. OGATA: The representative from the Air  
3 District typically -- that is true, what whatever  
4 permits the Air District issues, if they change the  
5 requirements, those requirements, would be imposed on  
6 the developer.

7 But probably we should have Mr. Lake or Mr.  
8 Speer's response to that question when we get to  
9 them.

10 MR. WORL: I'll introduce them as soon as  
11 I'm done with my process presentation.

12 The review schedule for the project before  
13 us right now is we have declared the Application as  
14 data adequate or complete on the 19th, and we're  
15 having this hearing here today, and I'm expecting  
16 agency comments to by the 29th.

17 And between the 29th and the 5th of July, we  
18 will be preparing a staff assessment to go to the  
19 Hearing Officer and the Commissioner before the  
20 preparation of a Proposed Decision, which will be  
21 issued, I believe, on July 9th.

22 And then on the 11th, which is a Wednesday,  
23 the full Commission will consider the Proposed  
24 Decision and take action at that time.

25 The Commission decision, if it's a positive

1 decision to go forward with the project, they approve  
2 the Permit, and then there will be a range of  
3 conditions imposed. And those conditions must be met  
4 during construction, specify measures for the  
5 construction period, and it specifies compliance  
6 measures for operation, and it assures compliance  
7 with the local ordinances, regulations, and standards  
8 as well as the specs and conditions, and compliance  
9 with all of the Air District's standards for  
10 continuation and for operation.

11           Upon an Applicant being certified to go  
12 forward, the Compliance Officer or Compliance Monitor  
13 from the Commission oversees the construction phase  
14 as well as the operation phase of the project during  
15 construction.

16           There is an independent chief building  
17 officer appointed to oversee the quality of the work  
18 and the plans, the design plans, to make sure there  
19 is a full acquiescence with the plans as they are  
20 proposed and approved.

21           And again, the Compliance Officer's role is  
22 to make sure that all the local ordinances,  
23 regulations, and standards as well as the particular  
24 conditions of certification for the project are in  
25 fact met and complied with at all times.



1                   And once again, if you need more  
2   information, or if you have comments, please address  
3   them to me as well at the Energy Commission. There  
4   is my phone number in the office as well as the toll-  
5   free hotline, and the -- the web site address, as  
6   well.

7                   Would you like me to say those numbers for  
8   the court reporter?

9                   THE REPORTER: No, that's okay.

10                  PRESIDING MEMBER LAURIE: Do you want to  
11   call on the Air District?

12                  MR. WORL: We're fortunate tonight to also  
13   have here representatives of the Air Quality  
14   Management District, Mr. Lake, Mr. Desiena, and Mr.  
15   Dan Speer, who are here. And I think that they  
16   probably wouldn't mind saying a few words. And in  
17   the past, at least, they have certainly been willing  
18   to answer more than a few questions.

19                  HEARING OFFICER BEHE: Mr. Lake, could you  
20   spell your colleagues' last names?

21                  MR. LAKE: Okay. Wait a second.

22                  MR. WORL: Did you bring --

23                  MR. LAKE: No, I don't have. My name is  
24   Michael Lake, L-A-K-E. I'm the Chief of the  
25   Engineering Division with the County Air Pollution

1 Control District.

2 With me this evening is Dan Speer, who is  
3 the Senior Engineer in our Mechanical Engineering  
4 Section. His last name is spelled S-P-E-E-R.  
5 And our Mechanical Engineering section is the section  
6 that evaluates power plants and other combustion  
7 sources for compliance with our rules and  
8 regulations,

9 And also with me is Ralph Desiena,  
10 D-E-S-I-E-N-A, And Ralph is a meteorologist with the  
11 Air Pollution Control District and has conducted the  
12 air quality impact analyses that the Air Pollution  
13 Control District uses in evaluating whether or not  
14 projects will cause problems with local air quality.

15 PRESIDING MEMBER LAURIE: Can you take a  
16 moment and summarize the District's findings on this  
17 project?

18 MR. LAKE: Okay. One thing I'll mention is  
19 that we received the Application for the first  
20 location for the CalPeak project, which is the  
21 subject of this evening's meeting, back in, I  
22 believe, February of this year, so we have had  
23 several months to evaluate the project.

24 It did change locations from its original  
25 proposed location, and we did reevaluate the project

1 to ensure that it would comply with our rules and  
2 regulations.

3           The Air Pollution Control District is  
4 responsible for protecting public health as to the  
5 sources of air contaminants and also ensuring that  
6 projects, new projects, and existing projects, comply  
7 with our rules and regulations.

8           We have a set of rules and regulations about  
9 that thick (indicating) that apply to a whole host of  
10 air pollution here in San Diego county.

11           Our goal is to make sure there are not any  
12 local air quality impacts above standards that have  
13 been set by either the federal EPA or the State of  
14 California; that there are no significant public  
15 health impacts from any new projects, and also to  
16 ensure that we continue to reduce emissions in the  
17 County so that we make progress in meeting ozone  
18 standards.

19           Ozone is a regional problem. It's not  
20 directly emitted by projects. Projects usually emit  
21 either oxides of nitrogen or organic compounds.  
22 These react in the atmosphere to form ozone. So we  
23 have the mission of reducing oxides of nitrogen  
24 emissions as much as we can and organic compound  
25 emission.

1           In the case of the CalPeak project, we  
2   evaluated the project to ensure that it met all of  
3   our rules and regulations from these types of  
4   sources, which it does. It meets the regulatory  
5   criteria that we have for Best Available Control  
6   Technology.

7           The emissions controls that they are  
8   proposing meet our requirements for that type of  
9   emissions source.

10          We also looked at the air quality impacts  
11   and public health impacts associated with the  
12   emissions from the project. No matter how much you  
13   control the emissions, you still are going to have  
14   some residual emissions from a project, and we looked  
15   at whether or not those emissions are going to cause  
16   any local exceedings of violations above either State  
17   or Federal ambient air quality standards.

18          In the case of the CalPeak project, it did  
19   not.

20          We also looked at the CalPeak project that,  
21   if it was operating without its emission control  
22   equipment, or to make sure if there was a breakdown  
23   of the emission control equipment, it would still not  
24   cause violations of the ambient air quality  
25   standards.

1           And it would not.

2           We also require that we establish a set of  
3   conditions when we authorize construction that  
4   requires that operating parameters that can be  
5   measured on the equipment are monitored continuously;  
6   that emissions are monitored continuously, and we  
7   test the equipment to make sure it complies with our  
8   emissions standards.

9           We also test the monitors to make sure that  
10   they're working properly. They have to be  
11   recertified yearly, and we make at least quarterly  
12   inspections of the equipment.

13          And we also have the ability to  
14   significantly pursue civil and criminal penalties for  
15   non-compliance with our rules and regulations.

16          So we have a very thorough process of  
17   regulations that establish emission standards,  
18   control requirements, which this project meets, and  
19   assuring that the emissions from the project will not  
20   cause local air quality problems or public health  
21   concerns.

22          PRESIDING MEMBER LAURIE: Thank you, Mr.  
23   Lake. Thank you very much. We appreciate that.

24          Did you have anything else, Mr. Worl?

25          MR. WORL: I don't think that I do. The

1   only other thing is that I have been told that I  
2   omitted my e-mail address from the presentation. If  
3   anybody wants it, what I will do is I will write it  
4   down on the board or something so that you can get it  
5   sometime during the evening.

6               PRESIDING MEMBER LAURIE: Anything else from  
7   the Applicant at this point?

8               MR. HINCKLEY: No, sir.

9               PRESIDING MEMBER LAURIE: Ladies and  
10   gentlemen, what I would like to do is -- let's see if  
11   we can pull this off -- divide the public comment  
12   into two different sections.

13              Normally, by the time we get around to the  
14   public hearing like this, there would have been  
15   multiple opportunities for the public to meet with  
16   the parties and have workshops, and -- and normally,  
17   there aren't any questions by the time you get to  
18   this point, but under these circumstances, you may  
19   very well have questions.

20              So what I would like to do is, again, divide  
21   comment up into two sessions. If you have a comment,  
22   if you don't want this project because A, B, C, or D,  
23   or if you do want this project because of A, B, C,  
24   and D, I'd ask you to just hold on to that comment  
25   for a moment, and I would like to take a few minutes

1 for specific questions.

2 If you have a question as to traffic; if you  
3 have a question as to noise; if you have a question  
4 as to air quality; if you have a specific question --  
5 not argument -- if you have a specific question that  
6 the Applicant can respond to tonight, then we're  
7 going to provide that opportunity at this point.  
8 Okay?

9 So again, I'm going to ask for questions,  
10 not argument. You will have an opportunity to argue  
11 and to make your other points after we get done with  
12 questions. Okay?

13 So, let me ask, does anybody in the audience  
14 have any specific questions of the Applicant or the  
15 staff?

16 Yes, sir. And with your questions, I'd ask  
17 you to stand and state your name so the court  
18 reporter can get your name.

19 MR. MEACHAM: Michael Meacham. I'm with the  
20 City of Chula Vista, City Manager's Office, and I  
21 have actually two questions, if I might.

22 One of them was the selective catalytic  
23 reduction devices and the standards, the two parts  
24 per million standard.

25 Is that the same standard, or, rather, is

1 the Applicant using the same standard at all of their  
2 sites in San Diego County?

3 And at what time -- I understand the  
4 Application came in or began discussions around  
5 February. At what time do they have start or  
6 initiate the process for acquiring that specific  
7 pollution control device?

8 PRESIDING MEMBER LAURIE: Thank you. Mr.  
9 Hinckley.

10 MR. HINCKLEY: Chuck Hinckley.

11 The equipment we're putting in all four of  
12 our San Diego sites is the same. I believe the  
13 Authority to Construct are very similar for all four  
14 sites. There may be minor technical differences  
15 between a given site and the rest, but they all are  
16 based on the same mechanical equipment.

17 We had to buy this equipment in -- I'm going  
18 to say -- December. I don't know if we paid the  
19 vendor in December -- I think we paid the vendor in  
20 January, but we had to buy this equipment early in  
21 this year and late in last year.

22 MR. MEACHAM: Thank you very much. That's  
23 very impressive, the control systems.

24 PRESIDING MEMBER LAURIE: Questions?  
25 Make sure everybody in the audience can hear you.



1               MR. THORNBURGH: I'm Brad Thornburgh, and I'm  
2   with SIC Holdings. We're the landlord of the  
3   project.

4               And my question, I'm not sure that it should  
5   go to the Applicant -- although the applicant is  
6   welcome to answer it -- is simply related to the  
7   ultimate provisioning of the utility plant to and  
8   from the site, including ingress and egress, and how  
9   the Commission manages the review of that process in  
10  terms of one route versus another.

11              For example, in the diagram, there is an --  
12  and I think you asked the question right at the time  
13  -- that the road coming in off of Sanyo Avenue  
14  approached the plant, yet you had the question about  
15  scale, and is this exactly how it is going to look.

16              If there are determinations made where the  
17  road needs to shift or the utilities need to alter,  
18  as the landlord of a much larger piece of property,  
19  we would like to be as productive as possible for the  
20  Commission.

21              PRESIDING MEMBER LAURIE: Let me ask Mr.  
22  Ogata.

23              The Application has diagrams, and those  
24  diagrams are part of the project. To what extent can  
25  those site plans be substantially modified or

1     unsubstantially modified depending on the need for a  
2     change in circumstances?

3             MR. OGATA: Typically the Application  
4     Certification, with all its diagrams is what we are  
5     going to hold the developer to, and that goes into  
6     the final decision.

7             How much they can move a line will depend  
8     upon how much that will vary and how much prior work  
9     they have done on that line. So, if they have  
10    surveyed 500 feet, and they are going to build within  
11    that 500 feet, even if it is not exactly the line  
12    that they showed us, our staff will look at that, and  
13    if there doesn't seem to be a problem will legal with  
14    it, we'll allow it.

15            If it is outside what we've previously  
16    looked at, we'll require them to come in and do an  
17    amendment with us, have staff go out and look at it  
18    again and make some determination.

19            PRESIDING MEMBER LAURIE: Is that responsive  
20    to your question?

21            MR. THORNBURGH: To the extent that the  
22    process is described. What about the time frame? And  
23    is all of that included within the 21-day process?

24            MR. OGATA: No. We will have a decision,  
25    one way or another, by July 11, and if anything

1 occurs after that time; for example, once they get  
2 occupied and start constructing something, and they  
3 discover something is in the way and can't do it,  
4 they go back to our compliance unit and have to work  
5 with the compliance unit.

6 Typically we will confer with all the  
7 jurisdictions, landlords -- whoever we need to confer  
8 with -- to make sure that the lines can be moved.

9 PRESIDING MEMBER LAURIE: Are you concerned  
10 about your own agreement with the Applicant?

11 MR. THORNBURGH: I'm not concerned at all  
12 about it. I just want to be as knowledgeable as  
13 possible and be as cooperative as possible.

14 PRESIDING MEMBER LAURIE: Thank you, Mr.  
15 Thornburgh.

16 A question in the back. Yes, sir.

17 MR. DICKEY: Wayne Dickey, Otay Mesa Nestor  
18 Community Planning Group.

19 My question pertains to security. All your  
20 drawings and discussion said there would be some kind  
21 of landscaping, but there was no mention of any  
22 fencing or security.

23 Could you tell us what that is going to be?  
24 If there is going to be a fence, what kind? And what  
25 other securities are going to be provided?

1               PRESIDING MEMBER LAURIE: And by security,  
2 you mean particular physical security of the plant?

3               MR. DICKEY: Yes.

4               PRESIDING MEMBER LAURIE: Mr. Hinckley, can  
5 you respond to that. Do you have any diagrams for a  
6 landscaping plan? And that is part of your  
7 Application, is it not?

8               MR. HINCKLEY: It is part of the  
9 Application.

10              And I need Glenn's help on this, but I'm  
11 going to answer the question in two parts. The part  
12 that I'll answer and the part Mr. Sampson will  
13 answer.

14              The part I will answer is the site will be  
15 monitored 24 hours a day from our central monitoring  
16 station. We have realtime communication between our  
17 site and the central monitoring station. This  
18 includes full video that we can -- you know -- a  
19 camera so we can remotely view the site.

20              We will have a fence. And, Mr. Sampson, why  
21 don't you describe the fence, please.

22              MR. SAMPSON: Certainly. Yeah. This is going  
23 to be difficult to see. All right.

24              MR. HINCKLEY: Will it go like this?

25              MR. SAMPSON: I'm Glenn Sampson, and there

1     you go. Commissioner, can you see?

2                 PRESIDING MEMBER LAURIE: It is more  
3     important for these people to see. I've seen it in  
4     the Application.

5                 MR. SAMPSON: Then I will stand this way.

6                 And the road, right where it approaches the  
7     site, it will be fenced, and the -- you can see here  
8     the fencing surrounding the -- the equipment site.

9                 So that is chain-link fencing, six foot or  
10    seven foot tall, which will surround the site, and  
11    within the landscaped area.

12                Additionally, the key parameters of the  
13    central control station, as he pointed out, and the  
14    video cameras will also be installed on the site.

15                THE REPORTER: Sir, could you state your  
16    name and association, please.

17                MR. DICKEY: I'm from the Otay Mesa Nestor  
18    Planning Group, which is the area here adjacent to  
19    this area, and I hope it gets some of this power.

20                PRESIDING MEMBER LAURIE: Questions? Yes,  
21    ma'am.

22                MS. COFFEY: Pepper Coffey. I'm an Otay Mesa  
23    residence. Pepper, P-E-P-P-E-R, last name  
24    C-O-F-F-E-Y.

25                My question is, what is the necessity -- and

1 I don't know if -- well, what is the necessity to  
2 have another peak load plant in the Otay Mesa area  
3 when we're going to have the Otay Mesa base load  
4 plant, and we already have the South Bay base load  
5 plant? Why do we need another peak load plant? Why  
6 isn't it more efficient to put it in a neighborhood  
7 which a great distance from the base load plants?

8 PRESIDING MEMBER LAURIE: Okay. Mr.  
9 Hinckley, the question is the need from a local,  
10 regional, or statewide basis.

11 Can you respond to that?

12 MR. HINCKLEY: We sited this plant here in  
13 Otay Mesa in response to an analysis that was done by  
14 the California Independent System Operator that  
15 suggested certain sites for additional power plant  
16 development. This was one of those -- one of those  
17 sites.

18 Relevant to the overall market need for the  
19 power, one, I would point out that is largely our  
20 risk. We're building a plant here in Otay Mesa to  
21 manufacture electricity. We're employing our own  
22 private capital to do so, and we believe, and we're  
23 betting with our money, that there is a market here  
24 in California for that power. Otherwise, we wouldn't  
25 build our plant at all here, or anyplace else.

1           Relevant to the -- the macroeconomics that  
2   made us comfortable with making this approximately  
3   30-million-dollar investment at this one site, is the  
4   market dynamics that, according to the California  
5   Energy Commission, as I recall, approximately 30  
6   percent of all the installed generation in California  
7   is over 40 years old.

8           That generation, we believe, can be  
9   economically replaced by not only base-load plants  
10   but also peaking plants like our own.

11           So, for example, relevant to the South Bay  
12   Plant, we think that will run before the South Bay  
13   plant because we're newer and have a lower cost of  
14   production.

15           And we have analyzed those factors and  
16   others when deciding ourselves where to make this  
17   investment.

18           But clearly, we wouldn't be spending  
19   30 million dollars here if we didn't think there was  
20   a need for the product that we were going to  
21   produce.

22           PRESIDING MEMBER LAURIE: Thank you. It's  
23   been noted to me that we don't have the blue cards  
24   yet, so those of you who have filled out the blue  
25   cards, we will call upon you. Okay. So, recognizing

1 that, we will be calling upon everybody for comment  
2 or additional questions.

3 Does anybody else have a specific question  
4 of the Applicant or staff at this point?

5 PRESIDING MEMBER LAURIE: Okay. Yes,  
6 ma'am, you have a question?

7 MS. JIMENEZ: My name is Lupita Jimenez,  
8 L-U-P-I-T-A J-I-M-E-N-E-Z. Put an accent over the  
9 first "E."

10 I understand that the South Bay plant draws  
11 quite a bit of water in its production of  
12 electricity. I would like to know how this plant is  
13 drawing water from the Otay Mesa District, I  
14 understand, from what you said.

15 Where will that water be discharged, and at  
16 what temperature rise will it be discharged? And does  
17 it go into our bay?

18 PRESIDING MEMBER LAURIE: Thank you.

19 Mr. Hinckley.

20 MR. HINCKLEY: This one actually is an easy  
21 one.

22 The technology that we're employing here is  
23 completely different than the South Bay Plant.  
24 We're drawing approximately ten gallons per minute  
25 of water during the hot summer periods only.



1           This is the load of a typical house. And we  
2   have zero water discharge from our plant because,  
3   really, other than the minor detail that we try and  
4   cool the air down a little bit before the combustion  
5   process, we don't use water.

6           We have no water injection, no steam  
7   injection, and we don't have a steam process. We  
8   don't have a cooling tower. All these things you  
9   find in power plants that do use water we don't have  
10   at this site.

11          All's we're doing with our ten gallons a  
12   minute, when it is hot and dry, is taking the water  
13   and evaporating it into the intake structure to cool  
14   the air down a little bit, because our turbines are  
15   more energy efficient when they use cooler air.

16          MS. JIMENEZ: I see a storage tank for water.

17          MR. HINCKLEY: That's correct, that is  
18   correct. In order to use the ten gallons, we have a  
19   raw water storage tank, and we will have a treated  
20   water tank. We are going to treat the water before  
21   we put it into the intake structure, and we'll also  
22   have fire water storage? No.

23          So that will be our water uses on the site.

24          MS. JIMENEZ: No discharge into the bay?

25          MR. HINCKLEY: No discharge into the sewer

1 system or the bay.

2 And there is no issues of temperature or no  
3 issues associated with that at all.

4 PRESIDING MEMBER LAURIE: Thank you. Mr.  
5 Meacham.

6 MR. MEACHAM: Michael Meacham, City of Chula  
7 Vista. A question for staff.

8 I believe it was the second to the last  
9 slide that you presented, you talked about the --  
10 under compliance monitoring, that the California  
11 Energy Commission ensures that all LORS are met.

12 Do I take that to understand that if the  
13 host city in this case, the City of San Diego, has  
14 any local ordinances or regulations or standards that  
15 would prohibit the location or the specific  
16 requirements of the Application that the plant would  
17 not go forward?

18 MR. WORL: I will direct that to Chris  
19 Huntley. He is our Compliance Program Manager, and  
20 he has been working with the local project.

21 MR. HUNTLEY: That's H-U-N-T-L-E-Y.  
22 Typically I do not get involved with the project  
23 until post-certification.

24 Up to that point, we work with the cities  
25 through our siting team to ensure that the project is

1 in compliance with all local zoning ordinances.

2 I think it is consistent to say that most  
3 of our power plants are being placed in areas that  
4 are zoned for these power plants.

5 In some cases, I believe there were  
6 variances met -- I think in Northern California, but  
7 nothing down in Southern California.

8 In fact, I think the City of Chula Vista,  
9 where there is another plant being constructed right  
10 now, that that's consistent with your zoning down  
11 there.

12 As far as post-certification issues, our  
13 chief building official, whoever that may be, whether  
14 it is a local jurisdiction or a licensed third-party  
15 contractor qualified in power plant construction,  
16 they work to ensure that the LORS for the City are  
17 met.

18 I also will be working with the City's --  
19 undoubtedly will have contact with you on the Ramco  
20 facility -- I've been in contact with the City of San  
21 Diego on their facilities so we ensure they remain in  
22 compliance with those LORS.

23 Under the emergency siting procedure, there  
24 has been a level of flexibility on up front, whether  
25 it be construction hours, things of that nature, but

1 by and large, if the project is not zoned for that  
2 area, I don't believe the project will be constructed  
3 there.

4 PRESIDING MEMBER LAURIE: Let me ask Mr.  
5 Ogata to respond specifically to the question: Does  
6 the Governor's Executive Order waive LORS  
7 requirements?

8 MR. OGATA: No. We still require that  
9 projects are properly built.

10 As part of the fatal flaw analysis, what we  
11 do is an analysis to determine whether or not there  
12 is some major issue that would not allow this project  
13 to get built by September 30th of this year.

14 And if the zoning issue is one of those  
15 things that we determine to be a major problem, that  
16 will take more time, then that will kick a project  
17 out of the 21-day process and require them to go  
18 through a much lengthier process.

19 PRESIDING MEMBER LAURIE: I raise the  
20 question because the emergency process does  
21 exempt these projects from the CEQA compliance, and  
22 is there any specific provision in the Executive  
23 Order, again, waiving LORS compliance?

24 MR. OGATA: I don't believe there is.

25 I know specifically the Governor's Order

1 requires that we continue to protect public health  
2 and safety when we look at these projects, so, again,  
3 I don't believe that the project was being proposed  
4 in a location that was not zoned properly, and that  
5 we would consider that to be in line with the  
6 Governor's Executive Order.

7 PRESIDING MEMBER LAURIE: Okay. That is  
8 staff's position. Okay.

9 Can we move to the blue cards?

10 Yes, ma'am.

11 MR. DUNCAN: How many questions can I ask,  
12 Mr. Commissioner?

13 PRESIDING MEMBER LAURIE: Well, as long as  
14 they're reasonable, we have until probably 2:00 or  
15 3:00. Your name, please?

16 MS. DUNCAN: Holly Duncan, member of the  
17 public -- concerned member of the public, and this is  
18 on intervenors on the Otay Mesa project.

19 And I'm hoping a lot of those rules apply  
20 here. The rules still apply the same as your larger  
21 projects, such as Otay Mesa?

22 PRESIDING MEMBER LAURIE: Is it a question  
23 of which rules are we talking about?

24 MS. DUNCAN: I know you don't have  
25 intervenors, correct?

1               PRESIDING MEMBER LAURIE: That is correct.

2   Our hearing process is not the formalistic process  
3   that was followed in Otay.

4               MS. DUNCAN: I would have liked to have  
5   commented on this project. There are no documents on  
6   line, even though today is the due date, so I would  
7   like to register that complaint that I think due  
8   process is a little bit of a problem here when I  
9   can't get to the documents when I would like to  
10  formally comment, so I'm doing this on the wing.

11              Under the noise, I would like to also  
12  correct the record on the last item of discussion,  
13  that there was a variance granted for Otay Mesa. It  
14  was a height variance, so that project in Southern  
15  California didn't have a variance.

16              Okay, so, with that aside, noise, the  
17  specific question is where is this residential  
18  neighborhood? Is it in the city or county?

19              Because you're referencing the County Noise  
20  Ordinance, which the plant is in the City. And I  
21  have a question, why are you working with County  
22  Noise Ordinance LORS instead of City?

23              PRESIDING MEMBER LAURIE: Mr. Hinckley.

24              MS. DUNCAN: And what is the difference on  
25  them?

1           I'll stop there for an answer, and then I  
2   will have air quality questions.

3           MR. HINCKLEY: I'm going to have Bob Mason,  
4   our environmental consultant, answer the question. I  
5   know the answer, but Bob, why don't you --

6           MR. MASON: Bob Mason, TRC, M-A-S-O-N.

7           The residences, closest residences, are  
8   within the County. The plant itself is within the  
9   City.

10          So, in terms of taking a look at compliance  
11   with the applicable LORS for the location of the  
12   residences, we based those on the County Ordinance.

13          As it turns out, with the level of noise at  
14   the nearest residence of 40 dBa, that meets both the  
15   County and the City Ordinance, but from our  
16   perspective, since the residences are within the  
17   County, it would be the County Ordinance.

18          MS. DUNCAN: And to clarify for the record,  
19   you say the turbine is similar to a 747?

20          MR. HINCKLEY: I'll take that.

21          UNIDENTIFIED SPEAKER: You need to live in  
22   Point Loma and hear the noise from the airport.

23          MR. HINCKLEY: Chuck Hinckley.

24          And it is similar to the 747 turbine.

25          However, if you look -- there is one major

1 difference, and that is this unit is one that doesn't  
2 have to go for a take-off -- which is the most  
3 demand, most powerful application of a turbine in the  
4 aircraft application.

5 But, two, this engine is completely enclosed  
6 in a soundproof building. It is enclosed within the  
7 air-intake structure, and the structure is designed  
8 to reduce noise of the air going into the turbine.  
9 The turbine itself is enclosed completely, and the  
10 exhaust has to go all the way out through that  
11 selective catalytic reducer, which also is designed  
12 to minimize noise impact, and then it ends up in the  
13 stack, which also is designed to minimize noise  
14 impact.

15 So, whereas the technology is a proven  
16 technology, and it has been around and is very safe  
17 technology, reliable technology from a noise  
18 perspective.

19 The two applications are completely  
20 different. The engines are completely enclosed in  
21 these buildings right here, and one of the major  
22 features of these buildings is the acoustical  
23 controls that are built into the building, and this  
24 is an acoustical enclosure.

25 MS. DUNCAN: Thank you. It says -- that's



1     what it says here?

2                 THE REPORTER:  I'm sorry, I can't --

3                 HEARING OFFICER BEHE:  The court reporter did  
4     not hear you.

5                 MS. DUNCAN:  Your industrial boundary  
6     statement says you are going to 75 decibels.  Is that  
7     correct?

8                 MR. HINCKLEY:  No, that's not.  That's not  
9     correct.  And it is not what that says.  What that  
10    said is the City Ordinance, at the industrial  
11    boundary, is 75 db, and it says that our projection  
12    at the industrial boundary -- that is the boundary of  
13    our neighbors -- is 73 db, which complies with the  
14    City Noise Ordinance.

15                MS. DUNCAN:  But that's noise -- for the  
16    record, can you tell us at what point you are having  
17    trouble with hearing?  For the public's benefit that  
18    is here, people that will be working near this  
19    project in that industrial park.  Where --

20                PRESIDING MEMBER LAURIE:  I don't understand.

21                MS. DUNCAN:  What is a safe level of noise to  
22    be around for public health?  You say you are doing  
23    this for public health.  I'm trying to clarify the  
24    record.

25                PRESIDING MEMBER LAURIE:  I would -- from my

1 perspective, what I would look at is what is the  
2 standard that has been adopted under the local  
3 government's noise ordinance, and that's the  
4 information that I am interested in.

5 MS. DUNCAN: That's an upper level. There  
6 are ranges for decibel levels in each of these  
7 categories, and they're saying the noise ordinance  
8 max is 75, and they are only 2 below that.

9 That is my question, Commissioner.

10 PRESIDING MEMBER LAURIE: I don't understand  
11 your question.

12 MS. DUNCAN: That's a high level of noise.

13 PRESIDING MEMBER LAURIE: Okay.

14 MS. DUNCAN: Even within the range, the top  
15 level range, for an industrial site, that's -- you're  
16 hitting close to max.

17 So I just want the public to understand  
18 that. People might be working there. That could be  
19 a potential health problem for them for hearing  
20 long-term.

21 And that's all I have under noise.

22 And I have several questions -- three. I'll  
23 limit it to three on air quality.

24 PRESIDING MEMBER LAURIE: Okay.

25 MS. DUNCAN: I'll be good.

1           MR. HUNTLEY: Chris Huntley, Compliance  
2 Project Manager.

3           Within 30 days of the full certification,  
4 and when we go on line, they're going to be required  
5 to undertake a 25-hour noise study. And at that  
6 time, if those noise levels cross any of the County  
7 or City LORS, whichever are appropriate for the  
8 situation, it will have to mitigate that by  
9 installing technology that will reduce the sound.

10          And if it can't be met, they will have to  
11 find ways to mitigate that sound.

12          MS. DUNCAN: Shouldn't that be mitigated  
13 before you certify?

14          MR. HUNTLEY: I believe the information  
15 provided by the Applicant has indicated that the  
16 sound levels will be in compliance.

17          MS. DUNCAN: At 73.

18          MR. HUNTLEY: What we do at the Energy  
19 Commission is, again, after they come on line, they  
20 ask them to do a 25-hour study to ensure the levels  
21 do not exceed the levels they provided us with, and  
22 if they do, we have a mechanism for controlling the  
23 noise.

24          They can lose certification if they cannot  
25 bring the noise down to the LORS. Okay.

1                   PRESIDING MEMBER LAURIE: Air quality?

2   Yes, please.

3                   MS. DUNCAN: This one is to air quality  
4   staff.

5                   And I need a definition of what you mean by  
6   a cumulative analysis completed. When was it  
7   completed? And when did you notice the public  
8   hearings for public comment on that?

9                   PRESIDING MEMBER LAURIE: Mr. Lake.

10                  That's one question.

11                  MR. LAKE: The Air Pollution Control  
12   District regulations typically look at the impacts  
13   from individual projects. We don't typically look at  
14   cumulative impacts. But normally we also don't see  
15   multiple projects in the same area occurring at the  
16   same time.

17                  So, in this case, we did look at cumulative  
18   impacts from the new power plants, Otay -- the large  
19   Otay Mesa Power Plant, plus all the small power  
20   plants.

21                  And that indicated that, even cumulatively,  
22   they would comply with all our air quality standards  
23   and public health standards.

24                  MS. DUNCAN: With SCR operating?

25                  MR. LAKE: Actually, yes, that was with SCR

1 operating. Yes.

2 We also looked at a couple of other  
3 scenarios: Each one of these took a little bit  
4 longer because they were more and more complex.

5 But, we also looked at, since the Larkspur  
6 plant can burn oil, if there are shortages of natural  
7 gas, and their gas supply is actually cut off, we  
8 looked at the cumulative impacts if the Larkspur  
9 plant is burning oil while the other plants are  
10 operating at full load on gas.

11 Again, that met all of our standards for  
12 ambient air quality and public health protection.

13 Very recently, we had a request to look at  
14 what happens if the South Bay Power Plant, the  
15 existing South Bay Power Plant, burns residual oil?

16 They not allowed to burn residual oil unless  
17 their gas supply is actually cut off from the San  
18 Diego Gas & Electric.

19 However -- and that hasn't happened -- up  
20 until the last six months or so, it hasn't happened  
21 for probably ten years.

22 In the last six months or so, it happened  
23 twice, and it is the opinion of the Air Pollution  
24 Control District, it is because San Diego Gas &  
25 Electric has started shipping a good portion of its

1 gas supply here in San Diego County to the Rosarito  
2 Power Plant.

3 And we have been participating in a PUC  
4 proceeding to try to get the Public Utilities  
5 Commission to moderate that agreement that SDG&E has  
6 with Rosarito so that there is adequate gas supplies  
7 for the power plants in San Diego County.

8 MS. DUNCAN: Including all the new ones?

9 MR. LAKE: Yes.

10 MS. DUNCAN: Why do the variance hearing --

11 MR. LAKE: Can I answer your first question,  
12 please? I wasn't quite done with the answer to your  
13 first question.

14 MS. DUNCAN: I'm just concerned with what you  
15 are working with here? That's the question.

16 HEARING OFFICER BEHE: Can you let him  
17 finish his answer.

18 MS. DUNCAN: But you are denying that that's  
19 going to happen, even though at the variance hearing  
20 just two months ago, they said it is a given that  
21 they are going to use fuel oil -- there is not enough  
22 natural gas in San Diego for what we have now.

23 Nevertheless, all the new plants that we're  
24 approving here coming on line -- and I really would  
25 like to see that analysis, please.

1           MR. LAKE: I think I can answer your  
2 question if you would like me to.

3           (Reporter has difficulty with record as two  
4 people are speaking at the same time.)

5           MS. DUNCAN: I'm trying to understand why  
6 Duke is saying that, but you are saying that is not  
7 going to happen.

8           MR. LAKE: I'm not saying that.

9           I would like to answer your question. All  
10 right?

11           We have been arguing with the Public  
12 Utilities Commission to stop the curtailments of gas  
13 that are resulting from shipments of this gas to the  
14 Rosarito Power Plant.

15           So far, we haven't been successful. We  
16 haven't also had any support from any local groups,  
17 environmental groups, state agencies, whatever. This  
18 is something the Air Pollution Control District has  
19 taken on itself.

20           But, be that as it may, the Public Utilities  
21 Commission did recently order that when there are gas  
22 curtailments, they will be shared equally among the  
23 power plants.

24           In the past, when there were gas  
25 curtailments, they went in rotating blocks, and you

1     could have a power plant that was completely  
2     curtailed on gas and had to switch over completely to  
3     oil.

4             Under the Public Utilities Commission's  
5     recent decision, that was done on a pro rata basis,  
6     and based on that, those gas curtailments will be  
7     shared among all the power plants, including the  
8     Rosarito Power Plant, and our estimate, worst case  
9     situation, the South Bay Power Plant might have to  
10    switch about a third of its production from gas to  
11    oil. In worst case.

12            This doesn't mean it happens all the time.  
13    It doesn't happen every day. But there may be days  
14    when there are high gas demands when it may happen.

15            So we did evaluate the air quality and  
16    public health impacts associated with the South Bay  
17    Power Plant operating on oil, with 33 percent of its  
18    load on oil, plus the Larkspur Plant with 50 percent  
19    on oil, plus the other power plants operating on  
20    natural gas, because they are only allowed to burn  
21    natural gas.

22            They might be curtailed. They might be  
23    actually below full load. They might not even be  
24    operating if they are on gas. But we assume -- okay?  
25    -- we'll take a worst case: South Bay on oil,



1 Larkspur on oil, and the remaining power plants  
2 operating at full load on gas.

3 And we evaluated that. We very recently,  
4 only in the last couple of days, completed that  
5 evaluation.

6 The results of it indicate that, again, none  
7 of the Federal or State ambient air quality standards  
8 will be exceeded at the point where there is a  
9 maximum cumulative impact from the emissions from all  
10 of the plants. And public health level standards,  
11 that the Air Pollution Control District have, would  
12 be met in that scenario.

13 And we think that is a really a worst case  
14 scenario to look at because, in part, it has the Otay  
15 Mesa Generating Plant operating at the same time the  
16 South Bay Power Plant is operating on oil.

17 And while the Otay Mesa Generating Plant is  
18 not going to be on line until 2003, perhaps by that  
19 time, there should be additional gas supplies to the  
20 Rosarito Power Plant.

21 And at that point in time, the likelihood or  
22 the severity of gas curtailment at the South Bay  
23 Power Plant should be significantly less than 30  
24 percent.

25 So, what we did look at it is worst case.

1 MS. DUNCAN: If we don't have any impact, as  
2 you say we don't --

3 PRESIDING MEMBER LAURIE: Ms. Duncan, let's  
4 go on.

5 MS. DUNCAN: I'm confused. Why would it  
6 matter, then, if being on fuel oil doesn't create an  
7 impact?

8 MR. LAKE: The emissions are higher.

9 MR. DUNCAN: Whether or not we get enough  
10 gas? Why not burn fuel --

11 (Reporter has difficulty with record as two  
12 people are speaking at the same time.)

13 MR. LAKE: The emissions are higher, and  
14 for example, oxides of nitrogens are higher, and they  
15 will contribute greater to regional ozone levels.

16 MS. DUNCAN: You said that's not going to  
17 happen.

18 PRESIDING MEMBER LAURIE: Ms. Duncan, ask  
19 your second question.

20 MS. DUNCAN: Did your modeling tool that you  
21 used -- is that a recently-developed tool, or is it a  
22 tool that was developed in a regulated environment  
23 where you knew how the power plant works? Or have  
24 you modeled what we have been hearing has been going  
25 on which alters the pollution?

1           MR. LAKE: We used modeling tools that have  
2   been in use for a long time, and they're approved by  
3   the Federal Environmental Protection Agency. Okay?  
4   And --

5           MS. DUNCAN: Would you answer the question  
6   directly? So they have been approved during a  
7   regulated market?

8           MR. LAKE: They are approved for looking at  
9   all types of --

10           (Reporter has difficulty with record as two  
11   people are speaking at the same time.)

12           MS. DUNCAN: He keeps talking, but you are  
13   not telling us was the tool developed in the  
14   regulated environment or not?

15           MR. LAKE: The tool can model air quality  
16   impacts from all types of sources, and it doesn't  
17   rely on what the regulations are.

18           It looks at what are the emission rates,  
19   what are the -- what's the height of the stack, what  
20   is the meteorology, what are background levels of air  
21   quality?

22           It is not affected by the regulations except  
23   to the extent that the regulations affect what  
24   emission rates are occurring at the source.

25           So it applies and it works both in a

1 regulated environment -- if you want to call it that  
2 -- and we have had that regulated environment for a  
3 long time. We have had regulations for emissions  
4 from power plants for years.

5 We still have regulations on emissions on  
6 power plants. The South Bay Power Plant has been  
7 putting in emission controls to comply with our  
8 requirements, and they have significantly reduced  
9 their emissions.

10 The regulations still apply to these plants.  
11 The regulations apply to these new power plants.  
12 They're not immune to regulations for air pollution  
13 emission standards.

14 MS. DUNCAN: I don't think anything I said  
15 implied that.

16 Let me be more specific. We found in Otay  
17 Mesa -- and this is a fact -- that a plant on idle  
18 produces more pollution than a turbine. That's at  
19 60, 70 percent. Okay. We agreed on that. That is a  
20 matter of public record.

21 Have you modeled what's been going on in the  
22 market with plants being ramped up and down 12 times  
23 a day? Which we know increases the pollution. Did  
24 you model that --

25 MR. LAKE: The emissions from one of these

1 new power plants aren't higher at full load. The  
2 emission rate will be less because of the amount of  
3 gas they are burning. If the exhaust flow rate is  
4 higher, the amount of emissions is higher. Okay?

5 MS. DUNCAN: How did you validate the model?

6 MR. LAKE: The model has been validated by  
7 the Federal Environmental Protection Agency.

8 I would like to try to finish answering your  
9 previous question.

10 As far as the South Bay Power Plant, we  
11 looked at the worst case day of the South Bay Power  
12 Plant operation in the last five years. It was a  
13 summer day in 1998, and we used hour-by-hour emission  
14 profiles and operation profiles for that plant to  
15 model the air quality impacts from the South Bay  
16 Power Plant. It was a very comprehensive analysis of  
17 what these air pollution impacts would be.

18 MS. DUNCAN: That's not the same as a  
19 historical data set that was derived from a market  
20 environment. It's one year, not a whole set --

21 MR. LAKE: It was the worst --

22 MS. DUNCAN: We have not been --

23 (Reporter has difficulty with record as two  
24 people are speaking at the same time.)

25 MR. LAKE: I'm sorry. It was the worst case

1 day in the last five years. We tried to make this  
2 analysis as conservative as possible so if it were to  
3 rehash, we would know what the impacts would be,  
4 and we could be sure that it would comply with our  
5 air pollution control standards.

6 I'd say also that in the meteorological  
7 data, we used three years' worth of meteorological  
8 data, hour by hour, to look at the worst  
9 meteorological conditions where these impacts would  
10 occur. That was over 25,000 hours of meteorological  
11 data used in the model.

12 PRESIDING MEMBER LAURIE: Ms. Duncan.

13 MS. DUNCAN: It was not subject to a market  
14 environment.

15 PRESIDING MEMBER LAURIE: You are going to  
16 have an opportunity to make your argument. So, I'm  
17 asking again for a specific question so that you can  
18 have information to make your --

19 MS. DUNCAN: The specific question is how  
20 they validated their model? How did you validate it?  
21 Not the EPA. The EPA is not here. How did you  
22 validate it?

23 PRESIDING MEMBER LAURIE: The gentleman has  
24 answered the question.

25 MS. DUNCAN: He hasn't answered the question.

1               PRESIDING MEMBER LAURIE: I'm satisfied.

2               MS. DUNCAN: Maybe he can't answer it. If he  
3 can't, just say so.

4               MR. LAKE: I think I did answer your  
5 question.

6               PRESIDING MEMBER LAURIE: Please move on to  
7 your next question.

8               MS. DUNCAN: The next question is, there is  
9 information in here about the NOx emissions. How  
10 about particulate matter emissions? And what  
11 mitigation, if any, will occur?

12              MR. LAKE: The particulate matter emissions  
13 were estimated based on EPA emission factors, and  
14 also considering any particulates that would be  
15 formed by the use of a selective catalytic reduction  
16 system.

17              The particulate matter emissions will be --  
18 we do have emission standards for them in our rules  
19 and regulations, and we will be testing on that to  
20 verify that it meets those emission standards.

21              And also, the emissions estimates that were  
22 used in the Air Quality Impact Analysis, the  
23 particulate matter emissions were evaluated in the  
24 Air Quality Impact Analysis to ensure that there  
25 would be -- that the plant would not cause any

1 additional violations of either Federal or State  
2 ambient air quality standards for EM 10.

3 Those are fine particulates, and it did not.

4           So we did evaluate that. And we will, in  
5 ensuring that the plant complies with these  
6 standards, we will be conducting what we call source  
7 tests, where we have a team of experts that go out  
8 and measure the emissions from the plant.

9           MS. DUNCAN: What will that rate be? What is  
10 projected? We know that your licensing for 2 parts  
11 per million on NOx. What is the standard?

12           MR. LAKE: I don't know. I mean we have one  
13 standard in our rules and regulations at .1 grams  
14 per dry standard cubic foot. That's one standard  
15 that applies.

16           And I'm sure in our engineering evaluation  
17 we have an emission limit that was used for  
18 evaluating the particulate matter impacts from the  
19 project.

20           I don't recall it off the top of my head.  
21 We can certainly look it up.

22           MS. DUNCAN: I would like to have that  
23 information, please.

24           MR. LAKE: Okay.

25           PRESIDING MEMBER LAURIE: Okay. And thank



1     you.  What I'm going to do at this point is I'm going  
2     to go to the blue cards.  And there is only a few of  
3     them.  And then I'll call upon any member of the  
4     audience that wishes to offer comment or questions  
5     again.  Okay.  To the blue cards.

6             A comment from a Ms. Hueltz.  She asks the  
7     question:  If you are planning to sell any of this  
8     energy overseas.

9             Mr. Hinckley, can you respond to that  
10    question.

11            MR. HINCKLEY:  Yeah.  Chuck Hinckley.  Our  
12    plant is providing the majority of its output to the  
13    State of California directly on their long-term  
14    contract.  It is not our intention to sell any of the  
15    power outside of California.  And I don't even know  
16    how to sell it outside of the United States.

17            PRESIDING MEMBER LAURIE:  Maybe overseas  
18    means the other side of the Colorado River.

19            MR. HINCKLEY:  Maybe, but I don't know how  
20    to sell it outside of the United States.  I don't  
21    think that's likely the case.

22            PRESIDING MEMBER LAURIE:  Thank you.  Mr.  
23    Meacham, did you have an additional question or  
24    comment?

25            MR. MEACHAM:  I had additional questions

1 before I got to the comment, if I might.

2 The question is about thresholds. There has  
3 been comment about thresholds made a couple times.  
4 Is there a threshold -- this is threshold number --  
5 some magic number in the modeling where, for the Otay  
6 region?

7 And this is other than just a County  
8 standard but just this small valley region or portion  
9 of the County, for which there would be that magic  
10 number or threshold where an additional peaker plant  
11 or the operation of a base load plant would be  
12 exceeded?

13 That's the first part of the question, and  
14 -- well, I'll let you answer that one.

15 PRESIDING MEMBER LAURIE: Mr. Lake, can  
16 respond to that? Do you know?

17 MR. LAKE: I would say there is no specific  
18 threshold. I think it would depend on if there were  
19 sufficient plants that either the overall emissions  
20 to our regional air quality might be of concern.

21 And just to put it in perspective, oxide of  
22 nitrogen emissions in the County of San Diego are  
23 about 240 tons per day. That's from power plants,  
24 it's from cars, buses, trucks, planes, boats, et  
25 cetera -- 240 tons per day.

1           That has actually reduced quite a bit from  
2   what it used to be, and that's why exceeding those  
3   ozone standards have dropped dramatically. We had no  
4   exceeding of Federal ozone standards for the last two  
5   years, and we had one so far this year, as compared  
6   to the early 1980's where we probably had more  
7   incidence of exceeding the ozone standard.

8           Air quality has gotten a lot better in the  
9   overall inventory in the basins of this about 240  
10   tons of NOx.

11           If all these small power plants are built,  
12   and they are operating at full load on the same day,  
13   they will emit less than one ton per day of NOx. So,  
14   for an individual plant, it is a small number, and  
15   even collectively, at that point, it is still a small  
16   percentage of the overall regional emissions.

17           PRESIDING MEMBER LAURIE: Thank you. Mr.  
18   Meacham, why don't you go ahead and finish off, so we  
19   can get rid of you.

20           MR. MEACHAM: One more brief question.

21           PRESIDING MEMBER LAURIE: Let me strike the  
22   way I said that.

23           MR. MEACHAM: That's all right. It is not  
24   going to be that easy anyway. I will let you say  
25   that.

1           For my last question, and before I get to my  
2   comment, I would like to let some other people do  
3   their comments first.

4           The last question is the issue about the  
5   staff. And I don't want there to be a perception that  
6   I or the City of Chula Vista is here to shoot the  
7   messenger, particularly at 8:00 o'clock at night.  
8   And at 8:00 o'clock in the morning, I have seen them  
9   post new reports, so I know how hard that Mr. Lake  
10   and Mr. Speer and their staff have worked, and we  
11   appreciate that, and I think that what you are  
12   hearing a little bit of is just our frustration of  
13   what all of you are experiencing, which is trying to  
14   get this job done in such an expedited process, and I  
15   hope you realize that.

16           And I think the rest of the audience is just  
17   concerned citizens that are passionate about their  
18   public health and safety, as we hope you are.

19           But my question specifically is the modeling  
20   that you have done in that expedited process and all  
21   of these extraordinary factors that taken place.

22           Have you been able to keep up with the other  
23   things that was mentioned, like in the Governor's  
24   Executive Order, to waive NOx standards for the  
25   summer for gas fired plants? And have you been able

1 to keep up with the approval by -- I believe it was  
2 the Public Utilities Commission not the CEC --  
3 correct me if I'm wrong, that the -- the backup  
4 generators in San Diego County can operate through  
5 the summer and not be faced with the normal fines and  
6 problems, and that they can create, I believe,  
7 somewhere 50 and 550 megawatts?

8 PRESIDING MEMBER LAURIE: For clarification,  
9 when you say can we keep up --

10 MR. MEACHAM: Are you doing that in your  
11 modeling? Do you have plans to do that yet in  
12 comparison to these other facilities?

13 Thank you for that clarification.

14 PRESIDING MEMBER LAURIE: Is anyone from the  
15 district able to respond to that question?

16 MR. LAKE: Well, we have been able to keep  
17 up so far. There has been a lot of work. We have  
18 done air quality impact analyses and public health  
19 impact analyses for every power plant that has been  
20 proposed. We've done it for virtually any large new  
21 back-up generator that is proposed, and we evaluated  
22 the San Diego Gas & electric rolling blackout  
23 reduction program to look at whether or not it would  
24 minimize emission increases, compared to a rolling  
25 blackout, and we think that it does because it has a

1 environmental dispatch element to it.

2 Natural gas-fired back-up generators have to  
3 be fired up before diesel generators are fired up.

4 The Governor's Executive Order, the most  
5 recent one, as far as it applies to power plants here  
6 in San Diego county, had very little effect.

7 There was an earlier Executive Order in  
8 January, February time frame, that really triggered a  
9 look at existing caps on emissions, and to see  
10 whether or not those could be waived.

11 The Encino power plant in Carlsbad, and the  
12 South Bay Power Plant in Chula Vista, did receive  
13 variances earlier this year that allows them to  
14 operate more hours per year essentially in order to  
15 make sure that they provide electricity and that  
16 electricity is available.

17 I'll mention one thing, though. People  
18 think, well, that means there is more pollution.  
19 That's true, there is; however, it is spread out over  
20 months or a year.

21 If you look at an individual day, because of  
22 the emission controls that have been put on the power  
23 plants in the last two or three years, on a given  
24 day, emissions from the South Bay Power Plant are  
25 significantly less than they were two years ago, and

1 from the Encino Power Plant in Carlsbad, are  
2 significantly less than they were two years ago.

3 And that actually is a result of regulations  
4 that the Air Pollution Control District had adopted  
5 in the mid-'90s that controls emission controls on  
6 these existing power plants.

7 MR. MEACHAM: And the South Bay Power Plant  
8 is expected to be about 25 percent better when their  
9 fourth burner is --

10 PRESIDING MEMBER LAURIE: You are facing Mr.  
11 Lake, and our court reporter can't hear you.

12 MR. MEACHAM: And I believe the South Bay  
13 Power Plant is scheduled to have the fourth burner  
14 retrofitted in October that will further reduce air  
15 pollution?

16 MR. LAKE: Right. Three of the four units  
17 of the South Bay Power Plant have already been  
18 equipped with selective catalytic reduction NOx  
19 controls.

20 It is basically the same type of emission  
21 control technology as being proposed for the CalPeak  
22 project and all of the small power plants being sited  
23 around the County.

24 So, three of the four South Bay units  
25 already have it, and the fourth unit is scheduled to

1 be taken out of service in -- I believe in November  
2 of this year, and to have the unit retrofitted with  
3 selective catalytic reduction controls. And before  
4 it's put back in service next year, it will have the  
5 selective catalytic reduction control operating.

6 PRESIDING MEMBER LAURIE: Mr. Meacham.

7 MR. MEACHAM: What is the agenda, as a  
8 result of anything we're doing here this evening? In  
9 the model --

10 MR. LAKE: The schedule for the selective  
11 catalytic reduction controls on the South Bay Power  
12 Plant seems to be on track.

13 There had been some delays on some power  
14 plants in California because of the energy crisis,  
15 and the Independent System Operator did not allow  
16 some power plants to go out of service to put  
17 emission controls on until this spring.

18 The South Bay Power Plant is scheduled to go  
19 off line this fall, late fall, and the South Bay  
20 Number 4 unit -- and that is in keeping with the  
21 California Independent System Operator's schedule for  
22 allowing units to go off line to be retrofitted with  
23 pollution controls.

24 So we believe that our expectations at this  
25 point is that that is not in jeopardy, and that



1     should happen.

2                 PRESIDING MEMBER LAURIE:  Anything else,  
3     Mr. Meacham?

4                 MR. MEACHAM:  Not in questions.  Thank you.

5                 PRESIDING MEMBER LAURIE:  No.  Offer  
6     comment.  This is if you have comment -- please make  
7     it now.  And please clarify whether you are speaking  
8     for yourself, on behalf of the City?

9                 MR. MEACHAM:  Michael Meacham, City of Chula  
10    Vista, and speaking on behalf of the City Manager's  
11    Office of the City of Chula Vista.

12                The City of Chula Vista is concerned in  
13    general about the proliferation of power plants and  
14    the number of power plants in the Otay Valley region,  
15    and I believe this is the third site and would be the  
16    fifth generator located in a fairly small region in  
17    the County.

18                And we have already made substantial  
19    comments to the CEC based on other power plants being  
20    proposed and being built currently in the Otay valley  
21    region, and we would submit those comments again for  
22    the CEC's consideration.

23                However, tonight, a great deal of new  
24    information I think has come before us about the  
25    quality and capacity of the industry to meet higher

1 standards, and while we're concerned about the number  
2 of plants being imposed or proposed for this region,  
3 along with two base load plants, we reviewed the  
4 ISO's web sites and the California Energy  
5 Commission's web sites, and it appears 15 power  
6 plants have applied for permits and proposed, and, to  
7 date, have been accepted, and about 11 of those have  
8 begun construction and are approved. We're talking  
9 about three sites and five generators, out of those  
10 11 to 15, in one very small part of the whole state.

11           Having said that, this particular facility  
12 seems to be an exceptional facility went compared  
13 with those other facilities, and I guess the question  
14 is the City of Chula Vista has asked for  
15 reconsideration, and the rules are kind of changing  
16 as we speak.

17           And the staff and the public adviser has  
18 been of tremendous help -- and the Applicant, by the  
19 way, and their team, and I applaud them for all of  
20 the information they brought in in such a timely  
21 manner. I wish that the previous Applicants had been  
22 half as good.

23           It has been a very helpful process for us,  
24 to understand it, and they obviously have a higher  
25 standard they set for themselves, and for the

1 community.

2           And I would like to ask the Committee about  
3 the previous plants; in particular, those in Chula  
4 Vista, be considered for reconsideration because we  
5 were told that the two ppm threshold was not and  
6 could not be met. We were told that the catalytic  
7 converter could not be purchased in time, and a  
8 number of other items I can't remember off the top of  
9 mind, could not be met; that clearly this Applicant  
10 has been able to meet responsibly and, in some cases,  
11 even exceed, so we would like for the community, as  
12 well as for the City, for that reconsideration to be  
13 made.

14           PRESIDING MEMBER LAURIE: Thank you, Mr.  
15 Meacham.

16           MR. KRITIKSON: J. G. Kritikson,  
17 K-R-I-T-I-K-S-O-N.

18           PRESIDING MEMBER LAURIE: Good evening.

19           MR. KRITIKSON: Commissioner, the topic I was  
20 going to cover is pretty technical and perhaps  
21 somewhat esoteric, and after consultations with my  
22 client, Coral Energy, I have decided to spare you  
23 that tonight, and instead we will just wait and  
24 submit written comments at the next opportunity.

25           PRESIDING MEMBER LAURIE: Thank you, sir.

1 Carson Pay.

2 UNIDENTIFIED SPEAKER: I believe he had to  
3 leave. I think -- did he write comments on the card?

4 PRESIDING MEMBER LAURIE: Yes. Yes, thank  
5 you. I will read Carson Pay's comments.

6 He represents M. B. Financial. "I support  
7 this project. It is good for small business owners  
8 because it provides economic stability."

9 PRESIDING MEMBER LAURIE: Ms. Coffey, did  
10 you want to make additional comment?

11 UNIDENTIFIED SPEAKER: She's in the  
12 restroom.

13 PRESIDING MEMBER LAURIE: Let the record  
14 reflect that --

15 THE REPORTER: That sounds like a good idea.

16 PRESIDING MEMBER LAURIE: We're going to  
17 take a few-minute break.

18 (Recess.)

19 PRESIDING MEMBER LAURIE: Ladies and  
20 gentlemen, if you can take your seats, please. Thank  
21 you very much. We are back on the record.

22 Mr. Thornburgh, did you have additional  
23 comments at this time?

24 MR. THORNBURGH: Yes. Thank you,  
25 Commissioner.

1           My name is Brad Thornburgh. I again  
2 represent the landlord of this project as well as we  
3 are also the landlord of the Larkspur project.

4           I support the project. And look forward to  
5 the benefits of the additional electricity that will  
6 be available in the Otay Mesa area for development of  
7 -- our further development of our industrial base,  
8 so close to the Maquila industry across the border,  
9 and I think that the overall larger picture here is  
10 the reliability of power in our region that will keep  
11 our larger employers and hopefully the larger  
12 manufacturing base from exiting the state for areas  
13 that are more regulated -- more stable -- so I  
14 believe that this emergency measure is necessary.

15           And to the extent that we have to rush  
16 through the process, we're doing the best we can.

17           PRESIDING MEMBER LAURIE: Thank you, sir.

18           Ms. Coffey, did you have comment?

19           MS. COFFEY: Yes. I actually had one marked  
20 question. Can I ask that?

21           PRESIDING MEMBER LAURIE: Yes, ma'am.

22           MS. COFFEY: Mr. Lake, I was wondering what  
23 was the cumulative annual combined NOx emissions for  
24 all the South Bay plants, both peak load and base  
25 load?

1           You kind of answered that by saying peak  
2   loads are one ton per day. What about the base load?  
3   What does that add to it? If you know, or if you can  
4   project --

5           MR. LAKE: The South Bay Power Plant, on a  
6   peak day, I believe is about three tons per day  
7   currently. That's with the current emission control  
8   levels.

9           Once they have the fourth selective  
10   catalytic reduction system in, it should drop to  
11   below two tons per day.

12          MS. COFFEY: And what is the Otay Mesa plant  
13   projected to be per day?

14          MR. LAKE: I don't know it off the top of my  
15   head. I can give you a pretty close number I think.

16          It would probably on the order of less than  
17   one ton per day. They're projecting that, if the  
18   emission controls work at the level that they are  
19   expecting, they will be below 50 tons per year.

20          If the emission controls work at expected  
21   SCR -- selective catalytic reduction -- levels, it  
22   would be about a hundred tons per year, and on a peak  
23   day, below one ton per day.

24          MS. COFFEY: Thank you. I have a comment.

25          PRESIDING MEMBER LAURIE: Yes, ma'am.

1           MS. COFFEY: This plant is a very clean  
2 peak-load facility, and I applaud CalPeak for their  
3 effort to be a good neighbor.

4           Under the Governor's Emergency 21-day  
5 Permitting Process, where CEQA is waived, this  
6 facility should be the standard, and the Commission  
7 should Demand this of all Applicants.

8           That said, the Commission should recall that  
9 those who pushed for deregulation and predicted lower  
10 electricity prices, now that the price is high, they  
11 tell us to give up the environment to lower the  
12 price. You know, did anybody notice a trend there?

13          And the Governor's Emergency Permitting  
14 Process for peak load plants all but stripped  
15 California cities of their local land-use powers, and  
16 we should all be up in arms that the police powers  
17 cities use to protect the health and safety of the  
18 public have been stripped in order to benefit the  
19 power generators.

20          Our precious natural gas resources are being  
21 diverted to peaker plants which are two to three  
22 times less efficient than base load plants.

23          The CEC knows natural gas curtailments  
24 caused the South Bay plant to convert to more  
25 polluting fuel this past December and January.

1           It is apparent from other staff reports that  
2   the CEC staff recognizes the limitations on natural  
3   gas supplied in the area, yet we are allowing peaker  
4   plants to proliferate in our cities because the  
5   energy companies tell us there is no other way.

6           Approval of yet another peak load facility  
7   in the region adds another relatively inefficient  
8   natural gas user, as compared to production of  
9   electrical power by larger natural gas and combined-  
10   cycle plants.

11           Peaker facilities use two to three times as  
12   much natural gas as with the Otay Mesa, or rebuilt  
13   South Bay Plant, generate a comparable amount of  
14   electricity.

15           Recognizing that 80 percent of San Diego  
16   County's generating capacity is now slated for the  
17   Otay Mesa Rim, the commission should not risk the  
18   health of South Bay citizens in order to provide  
19   power generation for all of San Diego County and  
20   beyond.

21           I question whether the Governor realizes  
22   that his Emergency Permitting Process is forcing such  
23   a large accumulation of generating facilities into  
24   such a concentrated area.

25           It is my impression that this is the last



1 peak load plant that the Commission will be able to  
2 site in the South Bay without it becoming a Baldwin  
3 experience from our community.

4 Thank you.

5 PRESIDING MEMBER LAURIE: Thank you, Ms.  
6 Coffey.

7 Mr. Crosswhite, do you wish to offer  
8 comments?

9 MR. CROSSWHITE: Kirk Crosswhite,  
10 C-R-O-S-S-W-H-I-T-E, with the United Association of  
11 Plumbers & Steamfitters here in San Diego.

12 We rise in support of this peaker unit.

13 This peaker unit will help add power, add  
14 megawatts to the grid so we can complete the  
15 construction projects here in San Diego, here, and in  
16 South Bay, and also let us or allow us to shut down  
17 the existing powerhouses that are 25 years and older  
18 to complete the emission controls, the SCR projects  
19 that are planned for Encino and for South Bay.

20 So, we stand in rise to support this  
21 project.

22 Thank you.

23 PRESIDING MEMBER LAURIE: Thank you, sir. I  
24 would like to offer Willie --

25 UNIDENTIFIED SPEAKER: Gaters.

1               PRESIDING MEMBER LAURIE: G-A-T-E-R-S,  
2     from the City of Chula Vista, has written out a  
3     comment which we'll enter into the record. I'm not  
4     going to read the whole letter.

5               MR. MEACHAM: Mr. Chair, would you like me  
6     to paraphrase it?

7               PRESIDING MEMBER LAURIE: Mr. Meacham, are  
8     you familiar with his comment, as written?

9               MR. MEACHAM: Yes, I am. But at the risk of  
10    wearing out my welcome, I think those comments are  
11    substantially the same as went into the record for  
12    Larkspur and have been read or heard by a majority of  
13    the people in this audience.

14              PRESIDING MEMBER LAURIE: In reviewing the  
15    document which will be docketed, the points  
16    previously raised appear to be summarized, and I see  
17    no additional points that are in the letter that have  
18    not been previously been raised. But the entire  
19    letter will be docketed. Thank you.

20              MR. MEACHAM: Thank you.

21              PRESIDING MEMBER LAURIE: The record should  
22    reflect -- and I assume this has been docketed  
23    already -- a June 15th letter addressed to Chairman  
24    William J. Keese, from the San Diego Regional Chamber  
25    of Commerce, supporting the project. I believe that

1 document has already been docketed.

2 Those are all the blue cards. Now what I'm  
3 going to do is I'm going to ask for additional public  
4 comment.

5 I'll ask you to be succinct and get to the  
6 point. I'll start on this side of the room. Anybody  
7 who has not as yet offered comment, you have an  
8 opportunity to do so at this point.

9 Okay. Seeing none, I will go to the right  
10 side of the room.

11 Starting in the -- I assume nobody in the  
12 first row want to offer comment.

13 Second row -- yes, ma'am, please stand and  
14 identify yourself.

15 MS. JIMENEZ: Jimenez -- I think you know how  
16 to spell it --

17 THE REPORTER: Please go through it again.

18 MS. JIMENEZ: J-I-M-E-N-E-Z. I have a  
19 question for the Applicant.

20 And that is with the 30 million dollars he  
21 mentioned, is that the cost of this one plant, and  
22 whether or not they plan to build any other plants in  
23 this area.

24 PRESIDING MEMBER LAURIE: Let me respond.

25 The Applicant indicated the 30 million dollars is the

1 cost of this plant.

2 Did you want to offer comment whether you  
3 plan to build any additional plants in this area?

4 MR. HINCKLEY: I pointed out the four plants  
5 we're building in the San Diego area: Otay Mesa,  
6 Mission Valley, El Cajon, and Escondido.

7 MS. JIMENEZ: None other than those, then?

8 MR. HINCKLEY: Correct.

9 PRESIDING MEMBER LAURIE: Thank you.  
10 Anybody else in the second row? Yes, ma'am. Please  
11 stand and state your name and offer your comment.

12 MS. KING: My name is Barbara King, and I'm  
13 with the Coalition for Affordable Public Power.

14 THE REPORTER: Spelling, please.

15 MS. KING: King, K-I-N-G.

16 To help this union man here understand the  
17 impact of this project, how many jobs will this plant  
18 be generating once the construction is complete?

19 MR. HINCKLEY: You want it from me?

20 MS. KING: Yes, Mr. Hinckley.

21 MR. HINCKLEY: We'll -- we have a  
22 maintenance facility in San Diego. There will be  
23 approximately 20 people at that maintenance  
24 facility.

25 MS. KING: And where in San Diego will that

1 maintenance facility be?

2 MR. HINCKLEY: The maintenance facility is  
3 on Mission Gorge Road.

4 MS. KING: So this peaker plant will be  
5 unmanned and only be monitored by cameras?

6 MR. HINCKLEY: This plant will be genuinely  
7 manned. And there is an operator assigned to this,  
8 an individual assigned specifically to this plant.  
9 The plant will be remotely started and stopped and  
10 monitored in the central station as well.

11 MS. KING: That's a lot of jobs. I have a  
12 question --

13 PRESIDING MEMBER LAURIE: Ma'am, at this  
14 point, we're going to ask for comments. We've spent  
15 over two hours on questions, and so I'd ask if you  
16 have a comment at this point, use this opportunity  
17 for your comment.

18 MS. KING: It is very difficult to comment  
19 when your question -- or there has been no statement  
20 of clarification from the project presenter.

21 PRESIDING MEMBER LAURIE: Okay. Can you be  
22 specific with your question?

23 MS. KING: Yes, I can. There was some  
24 mention that you have contracts with the Department  
25 of Water and Power. Does that include with them --

1     because I have no idea -- does it include how much  
2     you will be charging them for the power that you  
3     deliver?

4             PRESIDING MEMBER LAURIE:  You're free to say  
5     yes or no.  I am not going to ask that you state the  
6     price.

7             MR. HINCKLEY:  Chuck Hinckley.  Our contract  
8     with the State includes a pricing mechanism, so that  
9     it's a fixed-price contract.

10            MS. KING:  And does that go for the ten-year  
11     period that you are requesting this --

12            MR. HINCKLEY:  For the entire term of the  
13     contract  the price is fixed.

14            MS. KING:  So that the rate that -- the  
15     Department of Water and Power is trying to raise our  
16     rates here in San Diego County, which are dependent  
17     upon the contract that they have already signed; is  
18     that correct?  Would you say, obviously?

19            PRESIDING MEMBER LAURIE:  That is a  
20     statement.  Did you have any more specific  
21     questions?

22            If not, feel free to offer your comment as  
23     to the project at this time.

24            MS. KING:  Yes, I do have another question.

25            Why is this particular project under a ten-

1 year contract rather than a three-year contract which  
2 has somewhat been somewhat standard in the process so  
3 far?

4 PRESIDING MEMBER LAURIE: Staff, can you  
5 respond to that? Is there a requirement? There is  
6 nothing in the rule that says three-year or four-year  
7 or five-year or ten years; is that correct?

8 MR. WORL: No, I couldn't find anything. It  
9 was, in the past, for some plants there was a three-  
10 year time period for them to convert, but that was  
11 under a longer time period, where they had the  
12 opportunity to convert to combined cycle, but, that  
13 has really not been applicable in the 21-day  
14 process.

15 As far as now, let me -- let me say that my  
16 understanding was that -- that basically there was a  
17 time period that allowed revisiting compliance; for  
18 instance, some of the plants that had started up  
19 without SCR, without emissions control, that further  
20 reduced their emissions.

21 But, the three years I think was an artifact  
22 from the longer-term studies.

23 PRESIDING MEMBER LAURIE: Okay. Thank you.  
24 Did you want to offer comment at this time, Ms.  
25 King?

1           MS. KING: Yes. I would I would like to  
2     quote -- which I feel is -- I would like to quote  
3     F.D.R. in one of his statements in 1932, when the  
4     country was facing a similar -- almost exactly the  
5     same situation in the power industry as we are facing  
6     today. And as a citizen, I feel that this is a most  
7     appropriate statement applying today:

8           "This subject has been discussed so much in  
9     complex language, in terms which only a lawyer would  
10    understand, or in figures which only accountants can  
11    understand, that there is an urgent need for bringing  
12    it back to the realm of simple, honest terms that can  
13    be understood by the millions of our citizens."

14          And I believe that this is exactly where  
15    we're at now. It is so outrageously difficult for a  
16    citizen to even begin to understand the rigmarole we  
17    get from the Air Pollution Control District in all of  
18    these hearings, which are not presented to us in  
19    terms that are understandable by the public.

20          Thank you.

21          PRESIDING MEMBER LAURIE: Thank you, ma'am,  
22    very much.

23          Ms. Duncan, your comment, please.

24          MS. DUNCAN: Holly Duncan, member of the  
25    public. I wish to support the statement, the



1 previous statement, plus add my own statement.

2 I wish to request you deny this project.

3 This is an unnecessary project that does not conform  
4 to protecting the public health.

5 Tonight I have heard no definitive statement  
6 of what particulate matter pollution there will be  
7 from these plants nor any cumulative impacts for  
8 particulate matter pollution.

9 On June 21, there was a blitz of media  
10 coverage on what particulate matter pollution does to  
11 public health. It included the possibility of  
12 immediate heart attacks in our senior citizens.

13 Another recent study that has come out from  
14 the Harvard School of Public Health says possibly 9  
15 percent of infant mortality in our country can be  
16 attributed to air pollution.

17 We have children with asthma, including my  
18 daughter, at epidemic levels in this country.

19 Another prestigious organization says by the  
20 year 2020, one in five Americans will be affected in  
21 some way by asthma. This is an epidemic.

22 And we have nowhere to look for causes any  
23 more except the environment.

24 You know full well that I argued strongly,  
25 as did William (unintelligible) for an alternative

1 proposal.

2           For the information of those in the  
3 audience, there is an excellent organization in  
4 Sacramento called the Local Government Commission.  
5 Their first newsletter said this year, for peakier  
6 situations, the cheapest and fastest way to deal with  
7 peaking is wind power, not fossil-fuel based power.

8           In terms of the Governor's proposals, a  
9 gentleman at UC Berkeley said 95 percent of our  
10 solutions now are fossil-fuel based and the one  
11 lesson we learned from the 1970 OPEC crisis is to  
12 diversify.

13           This is not diversification. This is  
14 fossil-fuel based.

15           And I want also to request a denial, and I  
16 want to correct the record on the statement Mr.  
17 Hinckley said here tonight.

18           His company is taking the risk.

19           Excuse me, Mr. Hinckley. If you negotiating  
20 a ten-year contract with the Department of Water  
21 Resources that now has the right to charge rate  
22 increases to consumers here -- which we just learned  
23 about very recently -- I think it is the consumers in  
24 this room that are accepting the risks and not your  
25 company.

1           It would appear most of your profits are  
2   going to be guaranteed through that contract, and I  
3   suspect that's why you are getting a ten-year license  
4   instead of a three.

5           When I first heard about the 21-day process  
6   from the Governor, he said three years, because we  
7   were going to have our energy crisis solved by then.  
8   Three years. We're giving -- we're giving out  
9   ten-year licenses with the possibility of renewal,  
10   and we already know that one peaker plant has been  
11   certified for 50 years.

12           What kind of crisis goes on for 50 years?  
13   There is something else going on here.

14           I don't know what it is, but I do know  
15   this: That continuing to site more and more fossil  
16   fuel-based plants in our midst is not in your  
17   interest; it is not in my interest; and it is not in  
18   this planet's interest.

19           This application should be denied, as all  
20   fossil fuel-based applications should be denied now.  
21   They are not good for air quality; they are not good  
22   for environmental warming; and they are not good for  
23   me.

24           I have to pay for this through the  
25   Department of Water Resources. Your risk is very

1 minimal. The public's risk is very high.

2 Deny this Application.

3 PRESIDING MEMBER LAURIE: Again, on the  
4 right side, anybody in the next row desire to  
5 comment? Anybody else on the right side desire to  
6 offer public comment.

7 MR. CROSSWHITE: Kirk Crosswhite, K-I-R-K  
8 C-R-O-S-S-W-H-I-T-E, United Association of Plumbers  
9 and Steamfitters.

10 The alternative is to build them across the  
11 border where they don't have any standards. Air has  
12 no boundaries.

13 Where is the border there?

14 PRESIDING MEMBER LAURIE: Okay. Thank you.  
15 Anybody else wish to offer comment? Yes?

16 MR. FREDERICKS: I'm Dale Fredericks, and I  
17 just wanted to address two points that Ms. Coffey  
18 made earlier.

19 And I think in one respect she perhaps  
20 didn't get a direct answer, and in another respect, I  
21 think that she was factually incorrect.

22 If I may, for the completeness of our  
23 record, I would like to address two points briefly.

24 First, I think she asked the question why a  
25 peaker plant, with all the base load plants that are

1    being built?

2                   And the answer is, throughout the world,  
3    utilities all have peaking plants. That is simply  
4    because peak demand of electricity use varies from  
5    time to time. So everybody has peaking facilities of  
6    one sort or another.

7                   The one that we are building is as efficient  
8    and clean as any that you can find anywhere in the  
9    world. It sets the standards. It ought to replace a  
10   lot of old and inefficient peaking plants that  
11   pollute much more than this one.

12                  Also, I think it is factually incorrect that  
13   a peaking plant of this technology is three times  
14   more inefficient than a base load plant.

15                  That's simply not true. In terms of  
16   efficiency and producing electricity, this is within  
17   25 or 30 percent of the largest, most efficient base  
18   load plants.

19                  But it is true that some of the old peaking  
20   plants that still operate here in San Diego County  
21   are very inefficient, and in that respect, some of  
22   your comparisons are probably pretty close.

23                  But, in the case of the CalPeak project, it  
24   is very clean and very efficient; it is the state of  
25   the art by any standards.

1           PRESIDING MEMBER LAURIE: Thank you, sir.

2           Mr. Hinckley, any closing comments, sir?

3           MR. HINCKLEY: Well, as a wind plant  
4 developer, I think I can conclusively say that I  
5 think that the peak needs need to be met with a  
6 peaking plant like this.

7           We have a ten-year contract with the  
8 Department of Water Resources because we asked the  
9 Department of Water Resources what price they wanted  
10 to pay, and we offered a time of prices and a time of  
11 terms and they selected ten years.

12           Mr. Fredericks talked about the efficiency  
13 issue. Our plant is far more efficient than -- two  
14 to three times as much -- as a base-load plant, and  
15 we think that clean peakers, efficient peakers, like  
16 this have a very important role in the California  
17 electric generation resource mix.

18           And we just would ask that you approve our  
19 project and thank you for your time and thank you to  
20 the public for your comments and questions. And I  
21 look forward to being your neighbor.

22           PRESIDING MEMBER LAURIE: Thank you, Mr.  
23 Hinckley.

24           Staff, any closing comments?

25           MR. WORL: I believe the question earlier

1 was raised -- my name is Bob Worl, W-O-R-L -- that  
2 the information is not available on site.

3 In fact, it is and has been on the web since  
4 the 20th of June.

5 In answer to the question, they went, and  
6 just a little while ago -- went and tried to access  
7 it with the library's computer and were successful.  
8 So, if anybody is shy about trying to access it,  
9 please, please try.

10 And if you have any questions or problems  
11 about getting that, please call me, and let me know  
12 if you have information or want information from it,  
13 or if you want somebody to walk you through getting  
14 onto the site, I'll certainly do my best to help you  
15 or get somebody who can.

16 PRESIDING MEMBER LAURIE: Thank you, sir.

17 MS. STRYKER: My name is Gerri Stryker, and  
18 I'm with California EPA, and I just was reminding Mr.  
19 Worl that he was going to give the audience the  
20 e-mail address.

21 MR. WORL: I was looking for some chalk, but  
22 I don't seem to have it. Anybody got a pencil or a  
23 piece of paper or needs one? It's  
24 rworl@energy.ca.us. It is also -- it also has on-  
25 line information. Anybody needs that either written

1 out or needs --

2 PRESIDING MEMBER LAURIE: Energy.state --

3 MR. WORL: Energy.state ca.us.

4 PRESIDING MEMBER LAURIE: Ladies and  
5 gentlemen, we will now close the public record.

6 A proposed decision will be provided -- your  
7 schedule says July 9th. We'll see.

8 MR. WORL: With luck.

9 PRESIDING MEMBER LAURIE: On or about.

10 It is expected that the full Commission will  
11 consider this matter at its business meeting on July  
12 11th.

13 Your attendance is deeply appreciated, and  
14 we thank you very much.

15 The meeting is adjourned.

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STATE OF CALIFORNIA        )  
                                   ) ss:  
 COUNTY OF SAN DIEGO        )

I, Janet B. White, Certified Realtime Reporter,  
 C.S.R. No. 1879, do hereby certify:

That the foregoing INFORMATION HEARING BEFORE  
 THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT  
 COMMISSION OF THE STATE OF CALIFORNIA, was reported  
 by me at the time and place herein set forth; was  
 thereafter transcribed, through computer-aided  
 technology, under my direction and supervision, and  
 that the foregoing is a true record of same.

I further certify that I am neither counsel for nor  
 related to any party to said action, nor in any way  
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IN WITNESS WHEREOF, I have subscribed my name  
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JANET B. WHITE, C.S.R. No. 1879

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